ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

COMMITTEE ON COMMERCE

Report of Regular Meeting
Tuesday, January 30, 2024
House Hearing Room 3 (11 -- 64) -- 2:00 P.M. OR UPON RECESS OR ADJOURNMENT OF FLOOR

Convened 2:01 P.M.
Recessed
Reconvened
Adjourned 5:30 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
1/31/24

Members Present
Representative Aguilar
Representative Austin
Representative Carter
Representative Gress
Representative Heap
Representative Hendrix
Representative Ortiz
Representative Sun
Representative Carbone, Vice-Chairman
Representative Wilmeth, Chairman

Members Absent

Agenda
Original Agenda – Attachment 1

Committee Attendance
Report – Attachment 3

Committee Action

Bill	Action	Vote	Attachments
HB2077	DPA	10-0-0-0	4, 5, 6
HB2140	DPA	10-0-0-0	7, 8, 9
HB2185	DPA	10-0-0-0	10, 11, 12
HB2199	DPA	10-0-0-0	13, 14, 15
HB2205	DPA	10-0-0-0	16, 17, 18
HB2570	DP	8-1-1-0	19, 20

Susan Nelson, Committee Secretary
January 31, 2024

(Original attachments on file in the Office of the Chief Clerk; video archives available at http://www.azleg.gov)

REVISED - 1/29/24 **REVISED - 1/29/24** **REVISED - 1/29/24**

CONVENED: 2:01pm

ADJOURNED: 5:30pm

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON COMMERCE

DATE Tuesday, January 30, 2024 ROOM HHR 3 TIME 2:00 P.M. or upon recess or adjournment of Floor

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2024011134

Members:

Representative Aguilar
Representative Austin
Representative Carter
Representative Gress
Representative Heap
Representative Hendrix
Representative Ortiz
Representative Sun
Representative Carbone, Vice-Chairman
Representative Wilmeth, Chairman

	Bills		Short Title	Strike Everything Title
1	HB2077	DPA	ROC; contractors; licensing; administrative decisions	
			(Hendrix)	
		10-0-0-0	COM, RULES	
2	HB2140	DPA	funeral services; alkaline hydrolysis	
			(Hendrix)	
		10-0-0-0	COM, RULES	
3	HB2185	DPA	liquor; policies; procedures	
			(Gress: Wilmeth)	
		10-0-0-0	COM, RULES	
4	HB2199	DPA	restaurants; small alcohol ratio exemption	
			(Gress)	
		10-0-0-0	COM, RULES	
5	HB2205	DPA	fraud unit; investigations; annual report	
			(Livingston)	
		10-0-0-0	COM, RULES	

Attachment 1

Bills		Short Title	Strike Everything Title
~~HB2510~~		~~landlord tenant; legal aid notice~~ ~~(Martinez: Biasiucci, Gress, et al)~~ ~~COM, RULES~~	
6 HB2570	DP 8-1-0	planning; home design; restrictions; prohibition (Biasiucci) COM, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

VC
~~01/24/2024~~
01/29/2024

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Information Registered on the Request to Speak System

House Commerce (1/30/2024)

HB2077, ROC; contractors; licensing; administrative decisions

Support:
Araceli Lopez, AZ REGISTRAR OF CONTRACTORS

Oppose:
Craig McDermott, representing self

All Comments:
Craig McDermott, Self: Please explain how reducing transparency in government aids the public.

HB2140, funeral services; alkaline hydrolysis

Support:
Courtney Gilstrap LeVinus, Arizona Funeral Cemetary And Cremation Association

HB2185, liquor; policies; procedures

Support:
Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA; Dan Bogert, AZ RESTAURANT ASSOCIATION; Wendy Briggs, DIAGEO; Stuart Goodman, Southern Glazer's Wine And Spirits; Tom Farley, WINE AND SPIRITS WHOLESALE ASSOCIATION OF ARIZONA; Don Isaacson, Arizona Licensed Beverage Association; Rob Fullmer, ARIZONA CRAFT BREWERS GUILD; Marie Isaacson, AZ LICENSED BEVERAGE ASSN

Neutral:
Marshall Pimentel, LEAGUE OF ARIZONA CITIES & TOWNS; Christina Saget, AZ DEPT. OF LIQUOR LICENSES AND CONTROL

All Comments:
Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA: BWDA fully supports the bill and the Gress committee amendment.

Attachment 2

HB2199, restaurants; small alcohol ratio exemption

Support:

Dan Bogert, AZ RESTAURANT ASSOCIATION; Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA; Don Isaacson, Arizona Licensed Beverage Association; Rob Fullmer, ARIZONA CRAFT BREWERS GUILD; Marie Isaacson, AZ LICENSED BEVERAGE ASSN

All Comments:

Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA: Support with the Gress amendment.

HB2205, fraud unit; investigations; annual report

Support:

Marc Osborn, ALLSTATE INSURANCE CO, American Family Insurance, AMERICAN INTERNATIONAL GROUP INC (AIG), Chubb Insurance , NATIONWIDE MUTUAL INSURANCE COMPANY; Wendy Briggs, AMERICAN PROPERTY CASUALTY INSURANCE ASSOCIATION; Daniel Romm, ALLSTATE INSURANCE CO, American Family Insurance, Chubb Insurance , FARMERS INSURANCE GROUP OF COMPANIES, GOVERNMENT EMPLOYEES INSURANCE COMPANY (GEICO), NATIONWIDE MUTUAL INSURANCE COMPANY; Kerry L. Hayden, UNITED SERVICES AUTOMOBILE ASSN (USAA); Terri Edwards, INDEPENDENT INSURANCE AGENTS & BROKERS OF AZ; Mackenzie Shane, GREATER PHOENIX CHAMBER OF COMMERCE; Don Isaacson, STATE FARM INSURANCE COMPANIES; Marie Isaacson, STATE FARM INSURANCE COMPANIES

Neutral:

Chris Russo, representing self; Fausto Burruel, AZ DEPT. OF INSURANCE AND FINANCIAL INSTITUTIONS

All Comments:

Mackenzie Shane, GREATER PHOENIX CHAMBER OF COMMERCE: Signing in supportive of HB 2205 on behalf of the Greater Phoenix Chamber; Chris Russo, Self: Chris Russo, PC from PV. I would like to see a list of prosecutions. I want to make sure this isn't a waste of money. If they're aren't any verdicts and jail time, what good is it?

HB2570, planning; home design; restrictions; prohibition

Support:

Kirin Goff, representing self; Dennis J Legere, ARIZONA HOMEOWNERS COALITION; Jake Hinman, ARIZONA NEIGHBORHOOD PROJECT; Kirby Milner, representing self; Marcus Foerster, representing self; Kevin Erdmann, representing self; Kurt Gronlund, representing self; Anne Leota Hart, representing self; Gaelle Esposito, ARIZONA NEIGHBORHOOD PROJECT; Catherine McGurk, representing self; David Kahn, REPUBLICAN LIBERTY CAUCUS OF ARIZONA; Debra Lynn Corey, representing self; Jason Giangiuli, representing self; Sid Leach, representing self; CYNTHIA BLACK, representing self; theresa breithaupt, representing self; Teresa Pinter, representing self; Theresa Kim West, representing self; Rod Lippert, representing self; Angela Abeler, representing self; Tyler Denham, representing self; Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ; Christian Solorio, representing self

Neutral:

Harold Bergsma, representing self

Oppose:

Mary Ann Graffagnino, representing self; Nick Ponder, LEAGUE OF ARIZONA CITIES & TOWNS, PARADISE VALLEY, TOWN OF, PHOENIX, CITY OF, TUCSON, CITY OF, YUMA, CITY OF; Mayor Ginny Dickey, representing self; Dave Long, representing self; Janie Hydrick, representing self; Barry M. Aarons, PRESCOTT, CITY OF, SCOTTSDALE, CITY OF; Pat VanMaanen, representing self; Mayor Robyn Prud'homme-Bauer, representing self; Steve Ramos, representing self; Tom Dorn, Arizona Planning Association; Judith Simons, representing self; Denise Link, PhD, WHNP, representing self; Jeff Spellman, representing self; Karen Kruse, CITY OF WINSLOW, TOWN OF SAHUARITA; Janet Larkin, representing self; Steven Linder, representing self; Rebecca Smith Gross, representing self; Judith Robbins, representing self; marilyn duerbeck, representing self; Maria Salvucci, representing self; Craig McDermott, representing self; Kevin Brown, representing self; Rob Bohr, GILBERT, TOWN OF; Jeanne Casteen, representing self; Amy Arnold, representing self; Karen Syversen, representing self; Wes Oswald, representing self; Sallie Kladnik, representing self; Dianne Post, representing self; Ryan Peters, CHANDLER, CITY OF; Alice Stambaugh, representing self; Cynthia Couture, representing self; Carol Maas, representing self; Kathleen Pettycrew, representing self; Donita Ramos, representing self; Jack W Lunsford, BUCKEYE, CITY OF; Margaret Baca, representing self; Bryna Koch, representing self; Mary Grove, representing self; Tom Savage, LEAGUE OF ARIZONA CITIES & TOWNS; Darrell Boomgaarden, representing self; Kerry Jackson, representing self; Kathryn Kaczmarek, representing self; Katherine Doman Sheydayi, representing self; Elizabeth Schauer, representing self; Charlie Silver, representing self; Ruth Lambert, representing self; Barbara Oliver, representing self; Christine Whitley, representing self; Becky Sayler, representing self; Susan Morris, representing self; Brent Gibbs, representing self; Alexei Sheydayl, representing self; Robin LaVoie, representing self; Julie Golding, representing self; Melinda Sims, representing self; Christine Keitges, representing self; Lawrence Peters, representing self; Kathy Fraser, representing self; Kimberlee McClure, representing self; Jeri Dow, representing self; Angela J. Miller, representing self; Mary Martiniak, representing self; Lucy Marshall, representing self; Jennifer Jones, representing self; Gail Block, representing self; Janet Senf, representing self; Peggy Yeargain-Williams, representing self; Kathy Pyner, representing self; Carly Mahlmeister, representing self; Marilyn Coyle, representing self; Penny Boone, representing self; janice sandoz, representing self; Mary Santy, representing self; GARY LEW OLIVER, representing self; Valerie Policastro Edie, representing self; Jeffrey Fortney, representing self; Mary Fortney, representing self; Mariette Francis, representing self; Ruth Shea, representing self; Nathan Barrett, SAHUARITA, TOWN OF; Andrea De La Cruz, MARANA, TOWN OF; Dale Wiebusch, "SCOTTSDALE, CITY OF "; Lori Taniguchi, representing self; Terri Farneti, representing self; Paisley Rossetti, representing self; Martha O'Connor, representing self; David Patchen, representing self; Edna Weigel, representing self; Jennifer Dawson, representing self; David Myers, representing self; Monica Bills, representing self; Lisa Maczura, representing self; Robert Larson, representing self; Barbara Larson, representing self; Pat Jayson, representing self; Eric Kadel, representing self; Robert Fisher, representing self; Margaret Bruns, representing self; Laurie Munn, representing self; Regina Pennington, representing self; Melissa Galarza, representing self; Aaron Torrance, representing self; Jacqueline deSa, representing self; Kathleen Woessner, representing self; Diane McQueen, representing self; Annarose Lilly, representing self; Linda Block, representing self; Linda Paul, representing self; Michael Levine, representing self; Libby Stortz, representing self; Joseph Alexander, representing self; Nelson Morgan, representing self; Connie Cockrell, representing self; Carol Campbell, representing self; Marilyn Murov, representing self; Linda Guarino, representing self; Carol Garnett, representing self; Matthew Nelson, representing self; Donna Johnson, representing self; Dan Roskey, representing self; Thea Chalow, representing self; Nancy Santori, representing self; Devon Sloan, representing self; Mary Nelson, representing self; Ginna Carico, GOODYEAR, CITY OF; Jo Ann Caruthers, representing self; George Ehrlich, representing self; Katharine Donahue, representing self; Jerrold Borchardt, representing self; Kathleen Butler, representing self;

Sharon Ehrlich, representing self; LINDA GANTVERG, representing self; Kathleen Dubbs, representing self; Aaron Essif, representing self; Patricia Edelen, representing self; William S. James, representing self; Pamela Chittenden, representing self; Sharon Arnst, representing self; Carol Waymire, representing self; Cathy Noga, representing self; Cynthia Wagner, representing self; Kathleen Schanus-Gohl, representing self; ALICE BUCK, representing self; Rebecca Haynes, representing self; Karolyn Switzer, representing self; Nancee K Wood, representing self; Patricia Brunner, representing self; Kathleen Sauer, representing self; leadawn anderton, representing self; Margaret Tinsley, representing self; Russell Tucker, representing self; Rebecca Scotney, representing self; Thomas Scotney, representing self; Steve Gorman-Hackstadt, representing self; Stephen Coyle, representing self; Christopher Cerrato, representing self; Marcia Tingley, representing self; Richard Gohl, representing self; Loretta O'Connor, representing self; Theresa Prichard, representing self; Emily Norton, representing self; Janie Smieszek, representing self; Marie Helt, representing self; Nadine Smith, representing self; Julian Donahue, representing self; Leslie Hirsch, representing self; J Nicholas Prestera, representing self; Nora Welsh, representing self; Sarah Bihms LD29, representing self; Joseph Bihms LD29, representing self; Dawn Norton LD29, representing self; Elissa Karn, representing self; Dieter Knecht, representing self; Lois Hansen, representing self; Leslie Eaton, representing self; Bonnie Oakes, representing self; Sandra Adler, representing self; John Raeder, BUCKEYE, TOWN OF; Kathy Boltz, representing self; Diane Klock, representing self; John Propster, representing self; Jill Anderson, representing self; Patricia Moran, representing self; Susan Collopy, representing self; marcia stewart, representing self; Nevena Mrdalj, representing self; Stevan Mrdalj, representing self; William Bowlus-Root, representing self; Amy Pedotto, representing self; Peggy Church, representing self; Nancy Lecrone Nonini, representing self; Evan Deaubl, representing self; Norman Fuchs, representing self; Beth Ballmann, representing self; Kathleen Martin, representing self; Charlotte Lis, representing self; Mary Marcus, representing self; Leigh Emrick, representing self; Nancy Hancock, representing self; Gary Rulapaugh, representing self; Liz Barker Alvarez, AVONDALE, CITY OF; Lisa Koenig, representing self; Denise Hudson, representing self; JOHN FIENE, representing self; Councilwoman Sharron Grzybowski, representing self; Scott Grzybowski, representing self; Heather Bernacki Wilkey, QUEEN CREEK, TOWN OF; Julie Bufkin, representing self; Margaret Lacey, representing self; Mary Lisa, representing self; Claudia Miller, representing self; Barbara Jones, representing self; Jane Ahern, LEAGUE OF ARIZONA CITIES & TOWNS; Mary Keerins, representing self; Valarie Bryant, representing self; Douglas Cain, representing self; Alison Danis, representing self; Gail Prestera, representing self; Rivko Knox, representing self; Laura Henry, representing self; Suzanne Waltman, representing self; Mike Kunnecke, representing self; Roxanna Kearns, representing self; Robert Wisler CITY OF APACHE JUNCTION, representing self; Ryan Lee, GLENDALE, CITY OF; Gary Townsend, representing self; Alicia Messing, representing self; Mary-Jeanne Fincher, representing self; Michael Pyska, representing self; Garrett Sawyer, representing self; Candice Fremouw, representing self; Sharon Regen, representing self; Alice Patricia Price, representing self; Leslie Stallcop, representing self; William Yohey, representing self; Ian Linssen, MESA, CITY OF; Srinivas Manne, representing self; Mayor Craig McFarland, representing self; Nancy Pemberton, representing self; Linda Colino, representing self; Katy Proctor, City Of Maricopa; Katie Wilken, representing self

All Comments:

Dennis J Legere, ARIZONA HOMEOWNERS COALITION: Finally, there is hope for housing options that are not required to subject to covenants and restrictions based on the desire of municipalities to avoid providing parks and recreations areas for those taxpayers and resulting in double taxation.; Christian Solorio, Self: Smaller lots and smaller homes result in entry-level housing that will serve teachers, firefighters, nurses and our workforce.; Mary Ann Graffagnino, Self: Please...negotiate and seek compromise in order to accomplish change on the issue of affordable housing...BUT WE DEFINITELY NEED AFFORDABLE HOUSING.; Mayor Ginny Dickey, Self: I agree with the League's position in opposition to HB2570.; Barry M. Aarons, PRESCOTT, CITY OF, SCOTTSDALE, CITY OF: Updating to add City of Scottsdale.; Pat VanMaanen, Self: Preemption is not the way to assist local communities.; Mayor Robyn Prud'homme-Bauer, Self: Stand with all municipalities in opposition to this bill. Housing is a critical issues

but taking away local control of zoning determination or any local control is even more serious.; Judith Simons, Self: Work with cities to develop a better way to resolve the affordable housing situation.; Denise Link, PhD, WHNP, Self: Undermines local decision making; Jeff Spellman, Self: The bill provides zero obligation for developers to make housing units available at starter home price levels. Instead, this legislation solely benefits developers at the expense of thoughtful planning.; Karen Kruse, CITY OF WINSLOW, TOWN OF SAHUARITA: 0; Karen Syversen, Self: This bill kneecaps the control constituents want from their legislators.; Wes Oswald, Self: This bill would only make our housing crisis worse.; Kerry Jackson, Self: ...Work with the cities. Work with Rep. Schweiberts to keep condo owners from being push out into the cold. Seek compromise to accomplish change for affordable housing.; Kathryn Kaczmarek, Self: This bill dictates to cities issues related to zoning. Local control is always best in these issues and the AZ Legislature should not override local control.; Lawrence Peters, Self: R lawmakers chafe at US govt regs & yet proffer a state measure that hampers right of municipalities to govern. R lawmakers should fix the deficient brought about by their fiscal recklessness with ESA overspend & revenue busting tax cuts.; Penny Boone, Self: No. This is the opposite of supporting solutions for AZ housing crisis.; Harold Bergsma, Self: Local land use regulations should allow for development of starter homes. How best to do that is the question. This bill is headed in the right direction but may require further work.; Martha O'Connor, Self: Negotiate and seek compromise in order to accomplish change on the issue of affordable housing rather than kneecapping local control.; Jennifer Dawson, Self: Goes far further than last year's preemption efforts, One prominent Republican lawmaker known for preemption measures said last year's efforts would be "kneecapping" the local control his constituents want. Find a better and bipartisan answer.; Lisa Maczura, Self: LOCAL government knows best. State government overreach.; Pat Jayson, Self: State overreach into local jurisdiction territory!; Diane McQueen, Self: Stop kneecapping local municipalities from their ability to provide real affordable housing.; Linda Paul, Self: Cities have always had the right to zone their property. The state should not put restrictions on them.; Michael Levine, Self: Local control should be paramount.; Nelson Morgan, Self: Some degree of local control for zoning is important.; Connie Cockrell, Self: Vote no to knee-capping local control of growth in cities and towns.; Linda Guarino, Self: Local control issue - stay out of it.; Carol Garnett, Self: I thought Republicans believed in local control?; Mary Nelson, Self: Stay out of local business; Katharine Donahue, Self: Zoning is essentially a city function and it is up to cities and its citizens to determine what the zoning areas should be.; Kathleen Dubbs, Self: Zoning is a local issue; Pamela Chittenden, Self: Need affordable housing.; Sharon Arnst, Self: Nope.; Cynthia Wagner, Self: Why not work on affordable housing?; Rebecca Haynes, Self: Citizens want local control. Please negotiate and seek compromise with cities on issues of affordable housing.; Karolyn Switzer, Self: Local communities should not be restricted from having zoning regulations that work best for them.; Margaret Tinsley, Self: These are exactly the kind of decisions that should be made at a local level. This is a horrible, overreaching, big-government idea. Please vote no.; Marcia Tingley, Self: Significantly limits local control; Theresa Prichard, Self: Planning decisions need to remain at the local level, where the communities needs are known.; Marie Helt, Self: The legislature has already placed too many restrictions on cities' and towns' ability to exercise local control over housing issues. It should not interfere in the minutiae of their individual zoning regulations.; Nadine Smith, Self: Need to compromise; Sarah Bihms LD29, Self: Oppose. Overreaching state preemption on city zoning for housing removes local control and could worsen the affordable housing crisis.; Joseph Bihms LD29, Self: Oppose. Overriding local zoning laws removes community control over housing standards and undermines efforts to address housing affordability creatively.; Dawn Norton LD29, Self: Oppose. Overreaching ban on local zoning regulation for housing undermines community autonomy and disrupts local planning.; Lois Hansen, Self: cities zone for logical reasons, this sounds like a probable neighborhood nightmare i dont want to occur in mine; Patricia Moran, Self: Bill would eliminate local control of zoning matters.; marcia stewart, Self: Allow communities to create their own rules regarding housing. Needs are different. Affordable is a great need in AZ. Work with them, dont govern over them; Beth Ballmann, Self: Cities need control over their local housing. Seek ways to negotiate and compromise.; Kathleen Martin, Self: I thought Republicans were supporters of local control. Wake up!; Mary Marcus, Self: If you want to eliminate zoning, propose to

eliminate it in every town and city, not only in larger cities.; JOHN FIENE, Self: Republicans in the House say they want more freedom, when they really want to extinguish any local control. Because of this, our Sedona neighborhood is ruined due to reckless short term rental legislation foisted upon us by the Senate. LD1 voter; Councilwoman Sharron Grzybowski, Self: As a council person, I'm against anything where you take our authority away from us. Each city & town is different, you cannot lump us all in together in one bill. Thank you.; Rivko Knox, Self: Altho I am a passionate supporter of building a LOT more affordable or workforce housing, I this massive preemption of local control is the wrong way to achieve a noble goal. Good idea but needs amendments!; Roxanna Kearns, Self: Do not ban cities from regulating zoning.; Gary Townsend, Self: Sounds like true big gov't overreach. What this legislator is so angrily against.; Mary-Jeanne Fincher, Self: We need affordable housing, but this is a massive overreach by the state over local control.; Mayor Craig McFarland, Self: Legislation will not solve the affordable housing problem. Give municipalities more tools to help expedite zoning and land use approvals will help. This bill will create lawsuits by neighbors and many other unintended consequences.; Linda Colino, Self: This should be handled/managed at the local level. Not every city has the same needs.

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on Commerce

Bill Number HB2077

Date 1/30/2024

☑ Support ☐ Oppose ☐ Neutral

Name Tom Cole

Need to Speak? ☑ Yes ☐ No

Representing ROC

Are you a registered lobbyist? Yes

Complete Address 1700 W Washington St

E-mail Address Tom.Cole@[illegible] ROC.AZ.GOV

Phone Number 602 448-9994

Comments:

FIVE-MINUTE SPEAKING LIMIT

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on

Bill Number HB2077

Date 1/30/24

☑ Support ☐ Oppose ☐ Neutral

Name Chance Peterson

Need to Speak? ☑ Yes ☐ No

Representing ROC

Are you a registered lobbyist? No

Complete Address 1700 W. Washington Ste 105

E-mail Address chance.peterson@roc.az.gov

Phone Number (602) 370-2567

Comments:

FIVE-MINUTE SPEAKING LIMIT

ARIZONA STATE LEGISLATURE

Fifty-sixth Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **COMMERCE**

CHAIRMAN: Justin Wilmeth VICE-CHAIRMAN: Michael Carbone

	DATE	01/30/24	/24	/24	/24	/24
	CONVENED	2:01pm	m	m	m	m
	RECESSED					
	RECONVENED					
	ADJOURNED	5:30pm				
MEMBERS						
Aguilar		✓				
Austin		✓				
Carter		✓				
Gress		✓				
Heap		✓				
Hendrix		✓				
Ortiz		✓				
Sun		✓				
Carbone, Vice-Chairman		✓				
Wilmeth, Chairman		✓				

√ Present --- Absent exc Excused

Attachment 3

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2077: ROC; contractors; licensing; administrative decisions
Sponsor: Representative Hendrix, LD 14
Committee on Commerce

Overview
Revises Registrar of Contractors (ROC) statutes relating to licensing and administrative decisions. Expands the list of individuals who qualify for an agency license fee waiver.

History
Established in 1931, the ROC licenses and regulates residential and commercial contractors. The ROC also investigates complaints against contractors and is authorized to suspend or revoke a license, conduct hearings, issue citations and assess civil penalties.

The ROC administers the Residential Contractors' Recovery Fund (Fund) for the benefit of a claimant damaged by an act, representation, transaction or conduct of a licensed residential contractor that is in violation of statutory rules or regulations relating to contractors (Title 32, Chapter 10, A.R.S.).

If a contractor license has been revoked or suspended as a result of an order to remedy a violation, the ROC may order payment from the Fund to remedy the violation. A contractor may contest the amount or propriety of the payment by requesting a hearing to determine such amount or propriety (A.R.S. § 32-1133.01).

An agency must serve notice of an appealable agency action or contested case. A party may obtain a hearing on an appealable agency action or contested case by filing a notice of appeal or request for a hearing with the agency within 30 days after receiving the notice. The agency must notify the Office of Administrative Hearings (OAH) of the appeal or request for a hearing and OAH must schedule a hearing. An administrative law judge (ALJ) of OAH must issue a written decision within 20 days after the hearing is concluded. Within 30 days after the date OAH sends a copy of the decision to the agency head, the agency head may review the decision and accept, reject or modify it. The agency head's decision is the final administrative decision with outlined exceptions. For any appealable agency action or contest case involving a licensing decision, the licensee may accept the ALJ's decision. If the licensee accepts the ALJ's decision, the decision must be certified as the final decision by OAH. The ability for a licensee to accept the ALJ's decision does not apply to any appealable agency actions of the Department of Water Resources (A.R.S. §§ 41-1092.03 and 41-1092.08)

Provisions
1. Removes the requirement for the ROC to:
   a) publicly post a list of applicants seeking a contractor license on the ROC's website; and

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 4

b) furnish copies of the posted list of applicants seeking a contractor license on written request. (Sec. 1)

2. Specifies the contractor requesting a hearing relating to contesting payments from the Fund bears the burden of proof at the hearing. (Sec. 2)
3. Repeals statute relating to maintaining a list of unlicensed contractors. (Sec. 3)
4. Clarifies the ROC may not issue a new license to *any person that is named on a revoked license* for one year. (Sec. 4)
5. Includes the following individuals to the list of persons who receive a fee waiver for an initial agency license:
   a) an active duty military service member who is within one year of discharge; and
   b) an active member of the military reserve forces. (Sec. 5)
6. Exempts appealable agency actions of the ROC from statutory provision relating to permitting a licensee to accept an administrative law judge's written decision. (Sec. 6)
7. Makes technical changes. (Sec. 1, 4)

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2077

(Reference to printed bill)

Page 4, strike lines 1 and 2, insert:

"Sec. 3. Section 32-1151.02, Arizona Revised Statutes, is amended to read:

32-1151.02. List of unlicensed contractors; website publication

A. The registrar shall maintain a list of persons who have been ~~convicted of contracting without a license in violation of section 32-1151 or~~ administratively adjudicated to have been contracting without a license after being issued a civil citation pursuant to section 32-1166.01. The list shall include any known related business names that the persons described in this subsection have used. The list shall be published on the registrar's website.

B. The registrar shall remove a person and any known related business names that person used from the list within ten business days when the person becomes licensed pursuant to this chapter and submits a written request to the registrar requesting the person's name to be removed from the list.

C. If a member of the public requests a copy of the list prescribed by subsection A of this section, the registrar shall provide a copy of the list."

Page 5, strike lines 5 through 44

Strike pages 6 and 7

Amend title to conform

LAURIN HENDRIX

2077HENDRIX.docx
01/26/2024
01:38 PM
H: PB/vc

Attachment 5

Adopted ✓ # of Verbals ____
Failed ____ Withdrawn ____
Not Offered ____ Analysts Initials ____

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2077

DATE January 30, 2024 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		10	0	0	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

ATTACHMENT 6

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2140: funeral services; alkaline hydrolysis
Sponsor: Representative Hendrix, LD 14
Committee on Commerce

Overview
Makes various revisions and updates to the Funeral Industry statutes.

History
Laws 2023, Chapter 194, eliminated the Arizona State Board of Funeral Directors and Embalmers (Funeral Board) and transferred the authority, powers, duties and responsibilities of the Funeral Board to the Arizona Department of Health Services (DHS).

Provisions

Department of Health Services; Regulations

1. Adds DHS must adopt rules relating to the standards of practice and professional conduct of operating an alkaline hydrolysis facility or alkaline hydrolysis. (Sec. 3)
2. Requires DHS to adopt rules to inspect funeral establishments, crematories and alkaline hydrolysis facilities from at least once every five years to at least once every two years. (Sec. 3)
3. Removes certain confidentiality requirements relating to examinations, complaints and investigative reports. (Sec. 5)
4. Declares information received and records kept by DHS for administration purposes are available to the public, except for sources of information that cause DHS to believe that an inspection of a licensee or facility is needed to determine the extent of compliance. (Sec. 5)
5. Removes the requirement for DHS to inform the licensee of the name of the complainant after receiving a complaint. (Sec. 5)
6. Specifies DHS may release only the general nature of a compliant to the public. (Sec. 5)
7. Removes references relating to DHS initiating an informal interview or formal hearing regarding investigating complaints. (Sec. 21)
8. Deletes the length of time in which a temporary license suspension or endorsement may be in place. (Sec. 21)
9. Clarifies the civil penalty that DHS may assess, as a disciplinary action, is against a person who violates funeral industry statutes or rules and each day that the violation occurs constitutes a separate violation. (Sec. 21)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 7

10. Outlines factors DHS must consider in determining the amount of the civil penalty. (Sec. 21)

11. Includes, as a disciplinary action, DHS may suspend or revoke a license or endorsement. (Sec. 21)

12. Requires the actions to enforce the collection of civil penalties to be brought by the Attorney General or the county attorney. (Sec. 21)

13. Removes the requirement for DHS to serve notice and conduct a hearing prior to revoking or suspending a license or endorsement. (Sec. 21)

14. Clarifies DHS may revoke, rather than refuse to renew, a funeral establishment license or a prearranged funeral sales endorsement for specified reasons. (Sec. 27, 30)

Department of Health Services; Licensing & Fees

15. Requires DHS to establish and collect certain fees relating to:
    a) prearranged funeral sales establishments endorsements;
    b) multiple funeral director licenses; and
    c) interim permits for crematories and alkaline hydrolysis facilities. (Sec. 4)

16. Removes the requirement for DHS to establish and collect certain renewal fees and fees for reexamination for a state laws and rules examination. (Sec. 4)

17. Specifies licenses, registrations or endorsements do not expire unless:
    a) DHS revokes or suspends the license, registration or endorsement; or
    b) the licensee fails to pay certain fees or outstanding civil penalties. (Sec. 4)

18. Allows a person who was a licensed embalmer's assistant on March 31, 2023, to continue to be licensed provided the licensee pays any lapsed licensing fees and continues to pay the licensing or endorsement fee. (Sec. 4)

19. Prohibits a person from advertising or engaging in cremation or alkaline hydrolysis without a valid license. (Sec. 6)

20. Removes the requirement for an applicant for an embalmer or funeral director license to pass the appropriate state laws and rules examination. (Sec. 7)

21. Requires a person who desires to reactivate a license submit an attestation that the person has completed the required continuing education units. (Sec. 12)

Advisory Committee

22. Clarifies the advisory committee advises the Director *about matters relating to the regulation of the funeral services industry.* (Sec. 2)

23. Specifies the members are appointed by the Director of DHS rather than the Governor. (Sec. 2)

24. Removes the requirement for the advisory committee present an annual performance evaluation. (Sec. 2)

Alkaline Hydrolysis

25. Removes the authorization for an alkaline hydrolysis facility to be operated by a responsible cremationist. (Sec. 14)

26. Removes the ability for an unlicensed person to practice as an alkaline hydrolysis operator if the facility is operated a licensed alkaline hydrolysis operator. (Sec. 15)

Miscellaneous

27. Removes, as a condition in determining that a person is on a pathway to embalmer licensure, that the person has been employed by a funeral establishment for not more than three years. (Sec. 17)

28. Adds, as a condition in determining that a person is on a pathway to embalmer licensure, that the person has graduated from an accredited or provisionally accredited school of mortuary science and passed the national board examination. (Sec. 17)

29. Specifies the pathway to embalmer licensure cannot exceed three years after the person passes the national board examination. (Sec. 17)

30. Exempts a person who was a licensed embalmer's assistant on March 31, 2023, from statutory requirements relating to pathway to licensure. (Sec. 17)

31. Includes alkaline hydrolysis facilities to the statutory requirements relating to lawfully disposing of dead human bodies by written consent. (Sec. 18, 19)

32. Repeals statute relating to assessing a licensee administrative costs and expenses incurred in conducting an investigation relating to violations of statute or rules. (Sec. 22)

33. Directs a licensee who makes arrangements by interstate telecommunications to perform services with a person residing out-of-state to provide the written price lists relating to funeral goods and services offered electronically unless the person does not have internet access. (Sec. 23)

34. Adds the requirement for a licensed funeral establishment that embalms at a central location and not on-site to provide DHS the central location's name, address and license number. (Sec. 24)

35. Adds that the funeral establishment's annual report concerning prearranged funeral sales must include the name of the registered salesperson who sold each prearranged funeral. (Sec. 31)

36. Removes the requirement for certain funeral establishments to file an annual report concerning all prearranged funeral trust accounts. (Sec. 31)

37. Repeals statute relating to state laws and rules examination. (Sec. 9)

38. Repeals statute relating to license renewals. (Sec. 11)

39. Repeals statute relating to funeral establishment license renewal. (Sec. 25)

40. Repeals statute relating to crematory and cremationist license renewals. (Sec. 32)

41. Modifies the definition of *authorizing agent, license* and *universal precautions.* (Sec. 1)

42. Makes clarifying and conforming changes. (Sec. 1, 8, 10, 12, 13, 15, 16, 20, 21, 24, 26, 28, 29, 33)

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2140

(Reference to printed bill)

Page 9, strike line 45, insert:

"2. A reexamination for a state laws and rules examination."

Renumber to conform

Page 11, strike lines 12 through 34

Renumber to conform

Page 12, strike lines 11 through 27

Renumber to conform

Page 16, line 14, strike "~~1. The person has been employed by a funeral establishment~~" insert:

"1. The person has been employed by a funeral establishment."

Strike lines 16 through 18

Line 19, after "become" insert "A"; after "licensed" insert "EMBALMER"

Line 20, after "or" insert "INTENDS TO BECOME A LICENSED FUNERAL DIRECTOR BY"

Line 22, strike "AFTER THE"

Strike line 23, insert "AND BEGINS EITHER:

1. WHILE THE PERSON IS ENROLLED IN AN ACCREDITED OR PROVISIONALLY ACCREDITED SCHOOL OF MORTUARY SCIENCE AND IS ASSISTING EMBALMING DEAD HUMAN BODIES UNDER THE DIRECT SUPERVISION OF A LICENSED EMBALMER OR ASSISTING IN ARRANGING AND DIRECTING FUNERALS.

2. AFTER THE PERSON HAS GRADUATED FROM AN ACCREDITED OR PROVISIONALLY ACCREDITED SCHOOL OF MORTUARY SCIENCE AND PASSED THE STATE LAWS AND RULES EXAMINATION AND THE NATIONAL BOARD EXAMINATION AND IS ASSISTING IN EMBALMING DEAD HUMAN BODIES UNDER THE DIRECT SUPERVISION OF A LICENSED EMBALMER OR ASSISTING IN ARRANGING AND DIRECTING FUNERALS.

Attachment 8

Adopted ✓ # of Verbals _____

Failed _____ Withdrawn _____

Not Offered ____ Analysts Initials ___

E. A PERSON ON A PATHWAY TO LICENSURE OR THE FUNERAL ESTABLISHMENT PROVIDING DIRECT SUPERVISION OF A PERSON ON A PATHWAY TO LICENSURE SHALL SUBMIT TO THE DEPARTMENT ON A FORM APPROVED BY THE DEPARTMENT INFORMATION NECESSARY FOR THE DEPARTMENT TO VERIFY THAT A PERSON IS ON A PATHWAY TO LICENSURE."

Reletter to conform

Amend title to conform

LAURIN HENDRIX

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2140

DATE January 30, 2024 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		10	0	0	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

ATTACHMENT 9

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2185: liquor; policies; procedures
Sponsor: Representative Gress, LD 4
Committee on Commerce

Overview
Makes various changes to State liquor statutes.

History
The Department of Liquor Licenses and Control, which consists of the State Liquor Board and the Office of the Director of the Department regulates the manufacture, distribution and sale of liquor in this state through the issuance of 21 license types or series.

A special event license is a temporary license which allows a government entity or certain organizations to sell and serve spirituous liquor for consumption at the event. Prior to the issuance of a special event license, events that occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the exiting licensed premises must be approved by a county board of supervisors or a municipality's governing body, depending on where the event is to be held (A.R.S. § 4-203.02).

Provisions
1. Subjects the issuance of a special event license, based on the location of the event, to the approval of:
   a) a county board of supervisors;
   b) the governing body of a municipality; or
   c) the president of a university under the Arizona Board of Regents. (Sec. 1)
2. Allows a special event license to be issued concurrently with a microbrewery license. (Sec. 1)
3. Removes the ability of the Director to approve the location of a wine festival license within an excluded area of a special event license. (Sec. 1)
4. Adds that the Director may issue a new license of the same series in the same county for licenses that have been surrendered. (Sec. 2)
5. Permits an applicant for a liquor store license and a bar license to consolidate the application and apply for both licenses at the same time. (Sec. 2)
6. Requires a liquor store license and a bar license on the same premises to be owned by and issued to the same licensee. (Sec. 2)
7. Removes the exception relating to unlawful coercion or bribery statutes allowing producers and wholesales who designate an area separate from the off-sale retailer's premises to provide samples to retail consumers. (Sec. 3)
8. Makes technical changes. (Sec. 1, 3)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 10

Fifty-sixth Legislature
Second Regular Session

Commerce
H.B. 2185

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2185

(Reference to printed bill)

Page 2, line 44, after "MICROBREWERY" insert "FESTIVAL"

Page 5, between lines 17 and 18, insert:

"Sec. 2. Section 4-203.06, Arizona Revised Statutes, is amended to read:

4-203.06. Mixed cocktails; off-sale privileges; leases; fees

A. Notwithstanding section 4-203, subsection E and section 4-210, subsection A, paragraph 6, through December 31, 2025, bar and liquor store licensees, through the department, shall lease to restaurant licensees the privilege of selling mixed cocktails for consumption off the licensed premises in accordance with section 4-244, paragraph 32, subdivision (d). The lease shall be for a period of one year and shall be renewable for successive terms of one year. The department shall establish a lease amount that fairly recognizes, and is derived from, the commercial value of the privilege to sell mixed cocktails for consumption off the licensed premises.

B. Leases made pursuant to subsection A of this section are subject to the following conditions:

1. A restaurant licensee may apply to the department on a form prescribed and provided by the department for a lease pursuant to this section. The department may establish and charge an application fee for administrative and enforcement costs associated with this section.

2. On the director approving the application of a restaurant licensee, the director shall randomly select a bar or liquor store license

Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered ____ Analysts Initials ___

Attachment 11

for the lease of the bar or liquor store licensee's mixed cocktail off-sale privileges to the restaurant licensee through the department.

3. The department shall establish a process to facilitate and approve the lease conveyance and to govern the leases, including the following:

(a) A standard form of lease.

(b) The term of the lease, which shall be one year except for the first year of the lease. During the first year of the lease, the director may set a lease term that is less than ~~a~~ ONE year in order to align the lease renewal date with the renewal date of the restaurant license. The lease payment amount for the first year may be prorated.

(c) The amount of the lease established by the director pursuant to subsection A of this section.

(d) The responsibilities of the lessor and lessee.

(e) The lease may be transferred to another restaurant licensee if a new restaurant licensee purchases the business of the original lessee during the term of the lease.

(f) The privileges conveyed to the lessee during the term of the lease will continue if the bar or liquor store lessor has its license suspended or revoked.

(g) If the bar or liquor store lessor sells its license during the term of the lease, the purchaser of the bar or liquor store license becomes the new lessor.

(h) This title and rules adopted pursuant to this title apply to both the lessor and lessee.

(i) During the term of the lease, all violations and liability for liquor service under the lease shall be attributed only to the restaurant licensee leasing the mixed cocktail off-sale privilege. The restaurant licensee leasing the off-sale privilege is not responsible for violations committed by the lessor.

4. The director may deny approval of a lease based on the proposed location or history of the proposed lessee.

5. The restaurant licensee shall pay to the department all lease payments in full in advance.

6. The department of liquor licenses and control may adopt a procedure to pay the lease amount to the lessor and may use the department of administration to facilitate the payments.

7. During the term of the lease, all violations and liability for the liquor service under the lease shall be attributed only to the restaurant licensee leasing the privilege. Pursuant to section 4-210, the director may immediately suspend a lease for any violation of this title or any rule adopted pursuant to this title by the restaurant licensee. The restaurant licensee leasing the off-sale privilege is not responsible for violations committed by the lessor.

8. During the term of the lease, a bar or liquor store lessor may continue to sell spirituous liquor as authorized by the bar or liquor store license and mixed cocktails for off-premises consumption pursuant to section 4-244, paragraph 32, subdivision (d).

9. EXCEPT FOR A RESTAURANT LICENSEE THAT MEETS THE QUALIFICATIONS OF SUBSECTION E OF THIS SECTION, the restaurant licensee leasing the off-sale privilege is subject to the limit on off-sale use by the restaurant licensee's total spirituous liquor sales as prescribed in section 4-206.01, subsection G.

C. If a restaurant licensee does not renew a lease, the director shall return the bar or liquor store lessor to the random selection process pursuant to subsection B, paragraph 2 of this section.

D. If a bar or liquor store lessor has its license suspended or revoked, the director shall transfer the lease to another bar or liquor store licensee at the end of the lease term pursuant to subsection B, paragraph 2 of this section.

E. NOTWITHSTANDING SECTION 4-206.01, SUBSECTION G, THROUGH DECEMBER 31, 2025, THE DEPARTMENT SHALL PROVIDE FOR A LEASE ADDENDUM TO ANY LEASE MADE PURSUANT TO SUBSECTION A OF THIS SECTION BETWEEN A BAR OR LIQUOR STORE LICENSEE AND A RESTAURANT LICENSEE THAT DERIVES AT LEAST NINETY PERCENT OF

ITS GROSS REVENUE FROM THE SALE OF FOOD, INCLUDING SALES OF FOOD FOR CONSUMPTION OFF THE LICENSED PREMISES, AND THAT HAS OFF-SALE SPIRITUOUS LIQUOR SALES THAT EXCEED THIRTY PERCENT OF TOTAL SPIRITUOUS LIQUOR SALES IN EITHER 2023 OR 2024.

F. LEASE ADDENDUMS MADE PURSUANT TO SUBSECTION E OF THIS SECTION ARE SUBJECT TO ALL OF THE FOLLOWING CONDITIONS:

1. ON THE RESTAURANT LICENSEE'S RENEWAL DATE FOR A LEASE MADE PURSUANT TO SUBSECTION A OF THIS SECTION, THE RESTAURANT LICENSEE MAY APPLY TO THE DEPARTMENT ON A FORM PRESCRIBED AND PROVIDED BY THE DEPARTMENT FOR A LEASE ADDENDUM PURSUANT TO THIS SECTION.

2. THE DEPARTMENT SHALL ESTABLISH A PROCESS TO FACILITATE AND APPROVE THE LEASE ADDENDUM AND TO GOVERN THE LEASE ADDENDUM, INCLUDING ALL OF THE FOLLOWING:

(a) A STANDARD LEASE ADDENDUM FORM.

(b) THE TERM OF THE LEASE ADDENDUM SHALL BE THE SAME AS THE TERM OF THE LEASE BEING RENEWED BY THE RESTAURANT LICENSEE.

(c) THE AMOUNT OF THE LEASE ADDENDUM, WHICH MAY BE EQUAL TO ANY DOLLAR AMOUNT DETERMINED BY THE DIRECTOR FOR A LEASE ISSUED PURSUANT TO SUBSECTION A OF THIS SECTION.

(d) DURING THE TERM OF THE LEASE ADDENDUM, THE RESTAURANT LICENSEE SHALL NOT BE SUBJECT TO THE LIMIT ON OFF-SALE USE BY THE RESTAURANT LICENSEE'S TOTAL SPIRITUOUS LIQUOR SALES AS PRESCRIBED IN SECTION 4-206.01, SUBSECTION G.

(e) IF THE UNDERLYING LEASE MADE PURSUANT TO SUBSECTION A OF THIS SECTION IS TRANSFERRED TO ANOTHER RESTAURANT LICENSEE PURSUANT TO SUBSECTION B, PARAGRAPH 3, SUBDIVISION (e) OF THIS SECTION, THE LEASE ADDENDUM IS ALSO TRANSFERRED.

(f) THE PRIVILEGES CONVEYED TO THE LESSEE DURING THE TERM OF THE LEASE ADDENDUM WILL CONTINUE IF THE BAR OR LIQUOR STORE LESSOR HAS ITS LICENSE SUSPENDED OR REVOKED.

(g) THIS TITLE AND RULES ADOPTED PURSUANT TO THIS TITLE APPLY TO BOTH THE LESSOR AND LESSEE.

(h) DURING THE TERM OF THE LEASE ADDENDUM, ALL VIOLATIONS AND LIABILITY FOR LIQUOR SERVICE UNDER THE LEASE SHALL BE ATTRIBUTED ONLY TO THE RESTAURANT LICENSEE LEASING THE MIXED COCKTAIL OFF-SALE PRIVILEGE. THE RESTAURANT LICENSEE LEASING THE OFF-SALE PRIVILEGE IS NOT RESPONSIBLE FOR VIOLATIONS COMMITTED BY THE LESSOR.

3. THE RESTAURANT LICENSEE SHALL PAY TO THE DEPARTMENT ANY LEASE ADDENDUM PAYMENTS IN FULL IN ADVANCE.

4. THE PROCEDURE TO PAY THE LEASE ADDENDUM AMOUNT TO THE LESSOR SHALL BE THE SAME AS THE PROCEDURE ADOPTED BY THE DEPARTMENT PURSUANT TO SUBSECTION B, PARAGRAPH 6 OF THIS SECTION."

Renumber to conform

Page 7, line 20, after "a" insert "BAR OR"

Page 12, after line 18, insert:

"Sec. 5. Nonenforcement; sale of food; spirituous liquor sales; retroactive

Notwithstanding section 4-203.06, Arizona Revised Statutes, as amended by this act, beginning January 1, 2024, a restaurant licensee that derives at least ninety percent of its gross revenue from the sale of food, including sales of food for consumption off the licensed premises, and that has off-sale spirituous liquor sales that exceed thirty percent of total spirituous liquor sales is not in violation of section 4-206.01, subsection G, Arizona Revised Statutes."

Amend title to conform

MATT GRESS

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2185

DATE January 30, 2024 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		10	0	0	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

ATTACHMENT 12

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2199: restaurants; small alcohol ratio exemption
Sponsor: Representative Gress, LD 4
Committee on Commerce

Overview
Provides an exemption to certain restaurants from the statutory total sales limit relating to mixed cocktails.

History
A restaurant license may be issued to any restaurant that is regularly open for serving food to guests for compensation, has suitable kitchen facilities connected with the restaurant for keeping, cooking and preparing foods require for ordinary meals and derives at least 40% of its gross revenues from the sale of food. A restaurant licensee may sell and serve spirituous liquors solely for consumption on the licensed premises. A restaurant licensee may apply for certain permits allowing for the sale of alcohol for consumption off the licensed premises (A.R.S. § 4-205.02).

Laws 2021, Chapter 375, permitted a restaurant licensee to lease a bar or liquor stores licensee's privilege to sell mixed cocktails for consumption off the licensed premises. The sale of mixed cocktails for consumption off the licensed premises must be accompanied by the sale of food and the total sales price for off-sale use cannot exceed 30% of the total sales price of on-sale spirituous liquor by the licensee at that location.

A *mixed cocktail* is any drink combined at the premises of an authorized licensee that contains a spirituous liquor and that is combined with at least one other ingredient, which may include additional spirituous liquors, fruit juice, vegetable juice, mixers, cream, flavored syrup or other ingredients except water, and that when combined contains more than one-half of one percent of alcohol by volume (A.R.S. § 4-101).

Provisions
1. Exempts restaurants that derive at least 90% of their gross revenue from the sale of food, including sales of food for consumption off the license premises, from the percentage cap relating to total sales price for off-sale use of mixed cocktails. (Sec. 1)
2. Defines *gross revenue.* (Sec. 1)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 13

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2199

(Reference to printed bill)

Page 1, between lines 1 and 2, insert:

"Section 1. Section 4-203.02, Arizona Revised Statutes, is amended to read:

4-203.02. Special event license; rules

A. The director may issue THE FOLLOWING on a temporary basis, SUBJECT TO THE APPROVAL OF THE BOARD OF SUPERVISORS FOR EVENTS TO BE HELD IN AN UNINCORPORATED AREA OF THE COUNTY, THE GOVERNING BODY OF A CITY OR TOWN FOR EVENTS TO BE HELD IN THE CITY OR TOWN OR THE PRESIDENT OF A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS FOR EVENTS TO BE HELD ON THE UNIVERSITY'S PROPERTY:

1. A daily on-sale special event license authorizing the sale of spirituous liquor for consumption on the premises where sold. The fee for the license is $25 per day. The director shall transfer the monies collected to the department of health services for the purposes prescribed in title 36, chapter 18, article 2.

2. A daily off-sale special event license authorizing a charitable auction for the sale of spirituous liquor for consumption off premises.

B. Before the director may issue a temporary special event license, a special event that is to occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the licensee's existing licensed premises must be approved by the board of supervisors of a county, or the board's designee, if the event is to be held in an unincorporated area or by the governing body of the city or town, or the governing body's

Adopted ✓ # of Verbals ____
Failed ____ Withdrawn ____
Not Offered ____ Analysts Initials ____

Attachment 14

designee, if the event is to be held in a city or town. A denial by the county, city or town must be forwarded to the director within sixty days after the submission of an application to the county, city or town, unless the applicant has requested more time for consideration of the application.

C. The approval process prescribed in this section does not apply to physical locations that are fully within premises that are licensed pursuant to this title.

D. A physical location, other than a physical location that is owned, operated, leased, managed or controlled by the United States, this state or a city, town or county of this state, that is not licensed pursuant to this title may not be issued more than a total of thirty days of special event licenses during the same calendar year. All applications for a special event license issued pursuant to this section must be submitted to the department at least ten days before the scheduled event. The director may waive the ten-day requirement for good cause shown.

E. The director may issue the special event license only to a government entity or a political party or campaign committee supporting a candidate for public office or a ballot measure, or a nonprofit entity that is organized as a nonprofit entity in this state or pursuant to the laws of another state and that is a nonprofit entity under section 501(c) of the internal revenue code of the United States. The nonprofit entity shall demonstrate that it is in good standing in this state. An applicant for a special event license may contract with a special event contractor for assistance in selling and serving spirituous liquor at the special event. The special event contractor shall be listed on the application form. The director shall require a special event contractor to provide the controlling persons' identification and background information deemed necessary to identify the special event contractor and to demonstrate proof of the contractor's authority to conduct business in this state, including providing copies of any required state or local business licenses or permits. The department shall maintain a list of special event contractors

that have been employed by special event licensees during the past year and that are not otherwise in penalty status pursuant to subsection I of this section. A licensee holding a currently active series 6, 7, 11 or 12 license may serve as the special event contractor for a special event license without any additional requirements. A new applicant for an initial special event license may be required by the department to demonstrate it is qualified, capable and reliable to conduct a special event. The department may require new special event contractors and new special event licensees to require persons who serve or sell spirituous liquor to patrons at the special event to complete an approved training course in accordance with section 4-112, subsection G, paragraph 2. A special event contractor is subject to examinations conducted pursuant to section 4-112, subsection G, paragraph 1.

F. The director may issue a temporary special event license under subsection E of this section to an affiliate of a national, statewide or international parent nonprofit organization for a special event if all of the following requirements are met:

1. The affiliate holding the event provides a letter from the internal revenue service that the parent organization is a nonprofit entity under section 501(c)(4) of the internal revenue code of the United States with a group ruling.

2. The proceeds of the event are for a charitable or nonprofit purpose.

3. The affiliate provides a copy of a charter or letter from the parent nonprofit entity or organization that is organized under section 501(c) of the internal revenue code of the United States that recognizes the affiliate as a subordinate to the parent organization.

4. The affiliate and its members have not previously violated this title, local requirements for special events or any fire code.

G. The director may issue a special event license concurrently with ~~a~~ wine festival ~~license~~ LICENSES, ~~and a~~ craft distillery festival ~~license~~

~~and may approve the location of the wine festival license within an excluded area of a special event license specifically described in each license~~ LICENSES AND MICROBREWERY FESTIVAL LICENSES. Notwithstanding section 4-244, paragraphs 13 and 19, ~~both~~ ALL licenses shall allow the presence of purchased spirituous liquor in the possession of the purchaser.

H. For the purposes of this section, a special event licensee or an employee of a special event licensee and a special event contractor or an employee of a special event contractor that has been retained for an approved special event may order or purchase spirituous liquor from the holder of a license authorized to sell off-sale or a licensed wholesaler. If a nonprofit entity has obtained a special event license for the purpose of charitable fundraising activities, the nonprofit entity or special event contractor may receive the spirituous liquor from a wholesaler, farm winery, microbrewery or producer as a donation, except that a licensee licensed pursuant to subsection A, paragraph 2 of this section may receive spirituous liquor from a donor when the donor receives no remuneration or payment of any kind, directly or indirectly, other than any tax benefits that might result. Spirituous liquor may be dispensed and served at the special event only by the following persons:

1. The special event licensee or an employee of the special event licensee, unless the special event is at the premises of a licensed retailer and the licensed retailer has agreed to dispense and serve the spirituous liquor.

2. The special event contractor or an employee of the special event contractor, unless the special event is at the premises of a licensed retailer and the licensed retailer has agreed to dispense and serve the spirituous liquor.

3. The producer or producers who furnished the spirituous liquor.

4. The wholesaler or wholesalers who furnished the spirituous liquor.

I. In addition to all other actions that may be taken by the director for a violation of this title or the rules adopted pursuant to this title by the special event licensee or special event contractor, the department may limit the right of the licensee to obtain a special event license for a period of up to one year or may limit the right of the special event contractor to support any licensed special event for a period of up to one year. Any penalty issued pursuant to this subsection may be appealed to the board pursuant to section 4-210.02 as if the order was a sanction against a licensee. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall receive at least seventy-five percent of the gross receipts of the auction. Up to twenty-five percent of the gross receipts of a special event auction conducted pursuant to subsection A, paragraph 2 of this section may be used to pay reasonable and necessary expenses incurred in connection with the auction. All expenses shall be supported by written contracts, invoices or receipts, which shall be made available to the director on request. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall not sell at auction more than twenty twelve-bottle cases of spirituous liquor annually under a special event license.

J. The director may adopt those rules the director determines are necessary to implement and administer this section including a ~~limitation~~ LIMIT on the number of times during a calendar year a qualified organization may apply for and be issued a license under this section. The qualified organization issued a license pursuant to subsection A, paragraph 1 of this section must receive at least twenty-five percent of the gross revenues of all spirituous liquor sold at the special events, which shall be supported by a contract between the parties to be supplied at the time of application.

K. At an event conducted under a license issued pursuant to subsection A of this section, the licensee may conduct a wine pull or distilled spirits pull of up to twenty twelve-bottle cases of wine and up

to ten twelve-bottle cases of distilled spirits per day of a licensed special event not to exceed five days per year. The special event licensee shall be responsible for compliance with the case limits in this section. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall not sell more than twenty cases of spirituous liquor annually under a special event license. For the purposes of this subsection, "wine pull" or "distilled spirits pull" means an activity where, for a set price, one or more attendees at a special event pay for the opportunity to select at the event one or more bottles of wine or distilled spirits where the variety and vintage are undisclosed.

L. Section 4-201 does not apply to the licenses provided for under this section.

M. A licensed producer or wholesaler may donate spirituous liquor directly to a nonprofit entity that is issued a license pursuant to subsection A of this section. The licensed producer or wholesaler, ~~shall~~ in such instances, SHALL issue a ~~net zero~~ NET-ZERO cost billing invoice in the name of the special event licensee. All licensees making or receiving spirituous liquor donations remain subject to the applicable ~~limitations~~ LIMITS and requirements stated in this title and in the rules adopted by the department. A licensed producer or wholesaler may also make a monetary donation to a nonprofit entity that is issued a license pursuant to subsection A of this section to help sponsor a special event and the licensed producer or wholesaler may issue a check payable to either the special event licensee or to the approved special event contractor that is contracted to conduct the special event if the special event contractor does not hold a currently active bar license, beer and wine bar license, hotel-motel license or restaurant license.

N. A licensed wholesaler may temporarily leave a delivery vehicle and other items of equipment necessary for the sale or service of spirituous liquor on the premises of a licensed special event for the

duration of the event and up to one business day before and after the event.

O. The holder of a license authorized to sell off-sale or a licensed wholesaler may leave purchased spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice that is issued in the name of the special event licensee. The holder of a license authorized to sell off-sale or the licensed wholesaler has up to five business days after the special event ends to make any necessary billing adjustments and issue a final billing invoice to the special event licensee. Within one business day after the conclusion of the special event, the special event licensee or a special event contractor shall return unbroken packages of spirituous liquor to the appropriate off-sale licensee or wholesaler subject to the applicable rules of the United States alcohol and tobacco tax and trade bureau and the policy of the applicable off-sale licensee or wholesaler.

P. The director may adopt rules deemed necessary to implement and administer this section for special event contractors."

Renumber to conform

Page 2, line 26, after "THAT" strike remainder of line

Strike line 27

Line 28, strike "FOOD FOR CONSUMPTION OFF THE LICENSED PREMISES," insert "MEETS THE QUALIFICATIONS OF SUBSECTION E OF THIS SECTION,"

Line 31, after the period strike remainder of line

Strike line 32

After line 39, insert:

"E. NOTWITHSTANDING SECTION 4-206.01, SUBSECTION G, THROUGH DECEMBER 31, 2025, THE DEPARTMENT SHALL PROVIDE FOR A LEASE ADDENDUM TO ANY LEASE MADE PURSUANT TO SUBSECTION A OF THIS SECTION BETWEEN A BAR OR LIQUOR STORE LICENSEE AND A RESTAURANT LICENSEE THAT DERIVES AT LEAST NINETY PERCENT OF ITS GROSS REVENUE FROM THE SALE OF FOOD, INCLUDING SALES OF FOOD FOR CONSUMPTION OFF THE LICENSED PREMISES, AND THAT HAS OFF-SALE SPIRITUOUS

LIQUOR SALES THAT EXCEED THIRTY PERCENT OF TOTAL SPIRITUOUS LIQUOR SALES IN EITHER 2023 OR 2024.

F. LEASE ADDENDUMS MADE PURSUANT TO SUBSECTION E OF THIS SECTION ARE SUBJECT TO ALL OF THE FOLLOWING CONDITIONS:

1. ON THE RESTAURANT LICENSEE'S RENEWAL DATE FOR A LEASE MADE PURSUANT TO SUBSECTION A OF THIS SECTION, THE RESTAURANT LICENSEE MAY APPLY TO THE DEPARTMENT ON A FORM PRESCRIBED AND PROVIDED BY THE DEPARTMENT FOR A LEASE ADDENDUM PURSUANT TO THIS SECTION.

2. THE DEPARTMENT SHALL ESTABLISH A PROCESS TO FACILITATE AND APPROVE THE LEASE ADDENDUM AND TO GOVERN THE LEASE ADDENDUM, INCLUDING ALL OF THE FOLLOWING:

(a) A STANDARD LEASE ADDENDUM FORM.

(b) THE TERM OF THE LEASE ADDENDUM SHALL BE THE SAME AS THE TERM OF THE LEASE BEING RENEWED BY THE RESTAURANT LICENSEE.

(c) THE AMOUNT OF THE LEASE ADDENDUM, WHICH MAY BE EQUAL TO ANY DOLLAR AMOUNT DETERMINED BY THE DIRECTOR FOR A LEASE ISSUED PURSUANT TO SUBSECTION A OF THIS SECTION.

(d) DURING THE TERM OF THE LEASE ADDENDUM, THE RESTAURANT LICENSEE SHALL NOT BE SUBJECT TO THE LIMIT ON OFF-SALE USE BY THE RESTAURANT LICENSEE'S TOTAL SPIRITUOUS LIQUOR SALES AS PRESCRIBED IN SECTION 4-206.01, SUBSECTION G.

(e) IF THE UNDERLYING LEASE MADE PURSUANT TO SUBSECTION A OF THIS SECTION IS TRANSFERRED TO ANOTHER RESTAURANT LICENSEE PURSUANT TO SUBSECTION B, PARAGRAPH 3, SUBDIVISION (e) OF THIS SECTION, THE LEASE ADDENDUM IS ALSO TRANSFERRED.

(f) THE PRIVILEGES CONVEYED TO THE LESSEE DURING THE TERM OF THE LEASE ADDENDUM WILL CONTINUE IF THE BAR OR LIQUOR STORE LESSOR HAS ITS LICENSE SUSPENDED OR REVOKED.

(g) THIS TITLE AND RULES ADOPTED PURSUANT TO THIS TITLE APPLY TO BOTH THE LESSOR AND LESSEE.

(h) DURING THE TERM OF THE LEASE ADDENDUM, ALL VIOLATIONS AND LIABILITY FOR LIQUOR SERVICE UNDER THE LEASE SHALL BE ATTRIBUTED ONLY TO THE RESTAURANT LICENSEE LEASING THE MIXED COCKTAIL OFF-SALE PRIVILEGE. THE RESTAURANT LICENSEE LEASING THE OFF-SALE PRIVILEGE IS NOT RESPONSIBLE FOR VIOLATIONS COMMITTED BY THE LESSOR.

3. THE RESTAURANT LICENSEE SHALL PAY TO THE DEPARTMENT ANY LEASE ADDENDUM PAYMENTS IN FULL IN ADVANCE.

4. THE PROCEDURE TO PAY THE LEASE ADDENDUM AMOUNT TO THE LESSOR SHALL BE THE SAME AS THE PROCEDURE ADOPTED BY THE DEPARTMENT PURSUANT TO SUBSECTION B, PARAGRAPH 6 OF THIS SECTION.

Sec. 3. Section 4-206.01, Arizona Revised Statutes, is amended to read:

4-206.01. Bar, beer and wine bar or liquor store licenses; number permitted; fee; sampling privileges; off-sale permit

A. The director shall determine the total number of spirituous liquor licenses by type and in each county. The director shall publish a listing of that information as determined by the director.

B. In each county, the director, each year, shall issue additional bar or liquor store licenses at the rate of one of each type for each additional ten thousand person increase over the population in that county as of July 1, 2010. For every license that has been revoked or reverted in any county, the director may issue a new license of the same series in the same county, except that if there are more than five licenses of a particular class, the director may issue five new licenses plus an additional number of new licenses equivalent to twenty percent of the difference between the number of revoked or reverted licenses per year and five. The director may waive the issuance of licenses in a county for one year where there has been no request made to the department for the issuance of a new license of that series. For the purposes of this

subsection, the population of a county is deemed to be the population estimated by the office of economic opportunity as of July 1 of each year.

C. In each county, the director, each year, shall issue additional beer and wine bar licenses at the rate of one for each additional five thousand person increase over the population in that county as of July 1, 2010. Beginning January 1, 2022, in each county, the director, each year, shall issue additional beer and wine bar licenses at the rate of one for each additional ten thousand person increase over the population in that county as of July 1, 2010. For every license that has been SURRENDERED, revoked or reverted in any county, the director may issue a new license of the same series in the same county, except that if there are more than five licenses of a particular class, the director may issue five new licenses plus an additional number of new licenses equivalent to twenty percent of the difference between the number of SURRENDERED, revoked or reverted licenses per year and five. The director may waive the issuance of licenses in a county for one year if there has been no request made to the department for the issuance of a new license of that series. For the purposes of this subsection, the population of a county is deemed to be the population estimated as of July 1 of each year by the office of economic opportunity.

D. A person issued a license authorized by subsection B or C of this section shall pay an additional issuance fee equal to the license's fair market value that shall be paid to the state general fund. An appraisal shall be conducted to determine the fair market value of that license type in a specific county. The fair market value is defined to mean the price arrived at in good faith that a knowledgeable and willing buyer will pay and is computed by determining the average value, or weighted average value if there are trends in license pricing in that county, of licenses of the same type, free of any encumbrances, sold on the open market in the same county during the prior twelve months, but if there are not three or more sales then the fair market value is determined by two appraisals furnished

to the department by independent professional appraisers employed by the director. The valuation method under both approaches shall take into account trends in the value of licenses of the specific type during the previous twelve months. A new license authorized pursuant to subsection B or C of this section may not be issued to a person or entity that has had a similar license revoked or reverted unless the person or entity provides the director with satisfactory proof that all previous liens on the revoked or reverted license have been satisfied in full.

E. The director shall employ professional appraisal services to determine the fair market value of bar, beer and wine bar or liquor store licenses.

F. If more than one person applies for an available license, a priority of applicants shall be determined by a random selection method prescribed by the director, except that the number of times that a person may enter the random selection process shall not exceed the number of licenses of that series that are available for issuance. For the purposes of this subsection, a partnership, limited liability company, association, company or corporation is considered the same person if it is owned, managed, operated or controlled by the same controlling person.

G. Bar licenses and beer and wine bar licenses shall be issued and used only if the clear primary purpose and actual primary use is for on-sale retailer privileges. The off-sale privileges associated with a bar license and a beer and wine bar license shall be limited to use, which is clearly auxiliary to the active primary on-sale privilege. A bar license or a beer and wine bar license shall not be issued or used if the associated off-sale use, by total retail spirituous liquor sales, exceeds thirty percent of the sales price of on-sale spirituous liquors by the licensee at that location. For dual licenses issued pursuant to a single site or where a second license is issued to a site that already has a spirituous liquor license, other than settlement licenses issued as provided by law, the applicant has the burden of establishing that public

convenience and the best interest of the community will be served by the issuance of the license.

H. The director may issue a beer and wine store license to the holder of a beer and wine bar license simultaneously at the same premises. An applicant for a beer and wine bar license and a beer and wine store license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with this title. A beer and wine bar license and beer and wine store license on the same premises shall be owned by and issued to the same licensee.

I. The director may issue a BAR OR beer and wine bar license to the holder of a liquor store license issued simultaneously at the same premises. An applicant for a liquor store license and a BAR OR beer and wine bar license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with this title. A liquor store license and a BAR OR beer and wine bar license on the same premises shall be owned by and issued to the same licensee.

J. The director may issue a restaurant license to the holder of a beer and wine bar license issued simultaneously at the same premises. An applicant for a restaurant license and a beer and wine bar license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with this title. A restaurant license and a beer and wine bar license on the same premises shall be owned by and issued to the same licensee. The limitation stated in subsection G of this section with respect to the off-sale privileges of the beer and wine bar licenses shall be measured against the on-sales of beer and wine sales of the establishment. For the purposes of compliance with section 4-205.02, subsection M, paragraph 2, it shall be conclusively presumed that all on-premises sales of spirituous liquors are made under the authority of the restaurant license.

K. An applicant for a liquor store license or a beer and wine store license and the licensee of a liquor store license or a beer and wine store license may apply for sampling privileges associated with the license. Beer and wine store premises containing less than five thousand square feet must dedicate at least seventy-five percent of retail shelf space to the sale of spirituous liquor in order to be eligible for sampling privileges. A person desiring a sampling privilege associated with a liquor store license shall apply to the director on a form prescribed and furnished by the director. The application for sampling privileges may be filed for an existing license or may be submitted with an initial license application. The request for sampling approval, the review of the application and the issuance of approval shall be conducted under the same procedures for the issuance of a spirituous liquor license prescribed in section 4-201. After a sampling privilege has been issued for a liquor store license or a beer and wine store license, the sampling privilege shall be noted on the license itself and in the records of the department. The sampling rights associated with a license are not transferable. The director may charge a fee for processing each application for sampling privileges and a renewal fee as provided in this section. A city or town shall not charge any fee relating to the issuance or renewal of a sampling privilege. Notwithstanding section 4-244, paragraph 19, a liquor store licensee or a beer and wine store licensee that holds a license with sampling privileges may provide spirituous liquor sampling subject to the following requirements:

1. Any open product shall be kept locked by the licensee when the sampling area is not staffed.

2. The licensee is otherwise subject to all other provisions of this title. The licensee is liable for any violation of this title committed in connection with the sampling.

3. The licensed retailer shall make sales of sampled products from the licensed retail premises.

4. The licensee shall not charge any customer for the sampling of any products, except that the licensee may charge a fee for bona fide educational classes conducted in a classroom by an instructor on the licensed premises where the sampling of any spirituous liquor product is incidental to the course taught and to the course materials presented.

5. The sampling shall be conducted under the supervision of an employee of a sponsoring distiller, vintner, brewer, wholesaler or retail licensee.

6. Accurate records of sampling products dispensed shall be retained by the licensee.

7. Sampling shall be limited to three ounces of beer or cooler-type products, one and one-half ounces of wine and one ounce of distilled spirits per person, per brand, per day.

8. The sampling shall be conducted only on the licensed premises.

L. If a beer and wine bar license and a beer and wine store license are issued at the same premises, for the purposes of reporting liquor purchases under each license, all spirituous beverages purchased for sampling are conclusively presumed to be purchased under the beer and wine bar license and all spirituous liquor sold off-sale are conclusively presumed to be purchased under the beer and wine store license.

M. The director may issue a beer and wine store license to the holder of a bar license simultaneously at the same premises. An applicant for a beer and wine store license and a bar license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with this title. A beer and wine store license and a bar license on the same premises shall be owned by and issued to the same licensee. If a beer and wine store license and a bar license are issued at the same premises, for purposes of reporting liquor purchases under each license, all off-sale beer and wine sales are conclusively presumed to be purchased under the beer and wine store license.

Sec. 4. Section 4-243, Arizona Revised Statutes, is amended to read:

4-243. Commercial coercion or bribery unlawful; exceptions

A. It is unlawful for a person engaged in the business of distiller, vintner, brewer, rectifier or blender or any other producer or wholesaler of any spirituous liquor, directly or indirectly, or through an affiliate:

1. To require that a retailer purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of spirituous liquor sold or offered for sale by other persons.

2. To induce a retailer by any form of commercial bribery to purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of spirituous liquor sold or offered for sale by other persons.

3. To acquire an interest in property owned, occupied or used by the retailer in the retailer's business, or in a license with respect to the premises of the retailer.

4. To furnish, give, rent, lend or sell to the retailer equipment, fixtures, signs, supplies, money, services or other things of value, subject to the exception as the rules adopted pursuant to this title may prescribe, having regard for established trade customs and the purposes of this subsection.

5. To pay or credit the retailer for advertising, display or distribution service, except that the director may adopt rules regarding advertising in conjunction with seasonal sporting events.

6. To guarantee a loan or repayment of a financial obligation of the retailer.

7. To extend credit to the retailer on a sale of spirituous liquor.

8. To require the retailer to take and dispose of a certain quota of spirituous liquor.

9. To offer or give a bonus, a premium or compensation to the retailer or any of the retailer's officers, employees or representatives.

B. This section does not prohibit any distiller, vintner, brewer, rectifier, blender or other producer or wholesaler of any spirituous liquor from:

1. Giving financial and other forms of event sponsorship assistance to nonprofit or charitable organizations for purposes of charitable fundraising that are issued special event licenses by the department. This section does not prohibit suppliers from advertising their sponsorship at such special events.

2. Providing samples to retail consumers at on-sale premises establishments according to the following procedures:

(a) Sampling operations shall be conducted under the supervision of an employee of the sponsoring producer or wholesaler.

(b) Sampling shall be limited to sixteen ounces of beer or cooler products, six ounces of wine or two ounces of distilled spirits per person per brand.

(c) If requesting the on-sale retailer to prepare a drink for the consumer, the producer's or wholesaler's representative shall pay the retailer for the sample drink.

(d) The producer or wholesaler may not buy the on-sale retailer or the retailer's employees a drink during their working hours or while they are engaged in waiting on or serving customers.

(e) The producer or wholesaler may not give a keg of beer or any spirituous liquor or any other gifts or benefits to the on-sale retailer.

(f) All sampling procedures shall comply with federal sampling laws and regulations.

3. Providing samples to retail consumers on an off-sale retailer's premises according to the following procedures:

(a) Sampling shall be conducted by an employee of the sponsoring producer or wholesaler.

(b) The producer or wholesaler shall notify the department in writing or by electronic means at least five days before the sampling of

the date, time and location of the sampling and of the name of the wholesaler or producer distributing the product.

(c) Sampling is limited to three ounces of beer, one and one-half ounces of wine or one ounce of distilled spirits per person per day for consumption on the premises and up to seventy-two ounces of beer and two ounces of distilled spirits per person per day for consumption off the premises.

(d) An off-sale retailer shall not allow sampling to be conducted on a licensed premises on more than twelve days in any calendar year per wholesaler or producer.

(e) Sampling shall be limited to two wholesalers or producers at any one off-sale retailer's premises on any day and shall not exceed three hours on any day per approved sampling.

(f) A producer conducting sampling shall buy the sampled product from a wholesaler or from the retailer where the sampling is being conducted. If the product for the sampling is purchased from the retailer, the amount paid for the product must be the same amount that the retailer charges for sale to the general public.

(g) The producer or wholesaler shall not provide samples to any person who is under the legal drinking age.

~~(h) The producer or wholesaler shall designate an area in which sampling is conducted that is in the portion of the licensed premises where spirituous liquor is primarily displayed and separated from the remainder of the off-sale retailer's premises by a wall, rope, door, cable, cord, chain, fence or other barrier. The producer or wholesaler shall not allow persons under the legal drinking age from entering the area in which sampling is conducted. If the retail location has been issued a permanent sampling privilege from the department, the requirement for separation from the remainder of the premises by wall, rope, door, cable, cord, chain, fence or other barrier is not required.~~

~~(i)~~ (h) The producer or wholesaler may not provide samples to the retailer or the retailer's employees.

~~(j)~~ (i) Sampling shall not be conducted in retail premises with a total of under five thousand square feet of retail space unless at least seventy-five percent of the retailer's shelf space is dedicated to the sale of spirituous liquor.

~~(k)~~ (j) The producer or wholesaler may not give spirituous liquor or any other gifts or benefits to the off-sale retailer.

~~(l)~~ (k) All sampling procedures shall comply with federal sampling laws and regulations.

C. Notwithstanding subsection A, paragraph 4 of this section, any wholesaler of any spirituous liquor may sell tobacco products or foodstuffs to a retailer at a price not less than the cost to the wholesaler.

D. Notwithstanding subsection A, paragraph 4, and subsection B, paragraph 2, subdivision (e) of this section, any wholesaler may furnish without cost promotional items to an on-sale retailer, except that the total market value of the promotional items furnished by that wholesaler to that retailer in any calendar year shall not exceed $700. For the purposes of this subsection, "promotional items":

1. Means items of equipment, supplies, novelties or other advertising specialties that conspicuously display the brand name of a spirituous liquor product. ~~Promotional items do~~

2. DOES not include signs, dispensing or tapping machines or equipment or refrigerators.

E. Notwithstanding subsection A, paragraphs 4 and 7 of this section, a wholesaler may in the wholesaler's sole discretion accept the return of malt beverage products from a retailer under any of the following conditions:

1. The retailer's licensed premises will be closed for business for thirty or more consecutive days, and the products are likely to spoil or expire during the business closing period.

2. The retailer's licensed premises is used primarily as a music or live sporting venue with a permanent occupancy of more than one thousand people, and the products are likely to spoil or expire during the time period between venue events.

3. The retailer holds a governmental entity license and conducts less than six events per year at which products are sold, and the products are likely to spoil or expire during the time period between events.

F. It is unlawful for a retailer to request or knowingly receive anything of value that a distiller, vintner, brewer, rectifier or blender or any other producer or wholesaler is prohibited by subsection A, D or E of this section from furnishing to a retailer, except that this subsection does not prohibit special discounts provided to retailers and based on quantity purchases.

Sec. 5. Nonenforcement; sale of food; spirituous liquor sales; retroactive

Notwithstanding section 4-203.06, Arizona Revised Statutes, as amended by this act, beginning January 1, 2024, a restaurant licensee that derives at least ninety percent of its gross revenue from the sale of food, including sales of food for consumption off the licensed premises, and that has off-sale spirituous liquor sales that exceed thirty percent of total spirituous liquor sales is not in violation of section 4-206.01, subsection G, Arizona Revised Statutes."

Amend title to conform

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2199

DATE January 30, 2024 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		10	0	0	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

ATTACHMENT 15

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2205: fraud unit; investigations; annual report
Sponsor: Representative Livingston, LD 28
Committee on Commerce

Overview
Directs the Department of Insurance and Financial Institutions' (DIFI) fraud unit to submit an annual report relating to fraudulent practices and exempts monies appropriated to the fraud unit from lapsing.

History
DIFI's fraud unit investigates acts or practices of fraud including determining if fraud, deceit or intentional misrepresentation exists in the submission of an insurance claim. DIFI annually levies an assessment of up to $1,050 on all licensed insurers for the administration and operation of the fraud unit and the prosecution of insurance fraud. Assessment monies are deposited into the state General Fund to be appropriated to the fraud unit exclusively for the fraud unit's operation (A.R.S. § 20-466).

Provisions
1. Directs the fraud unit, on or before March 1 of each year, to prepare a report that provides all of the following with respect to the previous year:
   a) the number of referrals of potential fraud received from the fraud unit;
   b) the number of civil and criminal cases filed against suspected perpetrators of fraud;
   c) a summary of criminal prosecutions related to fraud; and
   d) the total amount of monies recovered for victims of fraud. (Sec 1)
2. Specifies the fraud unit must submit the report to the Governor and Legislature and send a copy to the Secretary of State. (Sec. 1)
3. Exempts monies that are appropriated to the fraud unit from lapsing. (Sec 1)

☐ Prop 105 (45 votes) ☐ Prop 108 (40 votes) ☐ Emergency (40 votes) ☐ Fiscal Note

Attachment 16

Fifty-sixth Legislature
Second Regular Session

Commerce
H.B. 2205

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2205

(Reference to printed bill)

Page 1, lines 5 and 6, strike "; annual report"

Page 3, strike lines 22 through 32

Amend title to conform

JUSTIN WILMETH

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Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered ____ Analysts Initials ___

Attachment 17

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2205

DATE January 30, 2024 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		10	0	0	0

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Nelson
COMMITTEE SECRETARY

ATTACHMENT 18

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2570: planning; home design; restrictions; prohibition
Sponsor: Representative Biasiucci, LD 30
Committee on Commerce

Overview

Creates municipal prohibitions relating to home designs and single-family home lot sizes.

History

Pursuant to A.R.S. § 9-462.01, the legislative body of any municipality by ordinance, to conserve and promote the public health, safety and general welfare, may:

1) regulate the use of buildings, structures and land between agriculture residence, industry and business;
2) regulate the location, height, bulk, number of stories and size of buildings and structures, the size and use of lots, yards, courts and other open spaces, the percentage of a lot that may be occupied by a building or structure, access to incident solar energy and the intensity of land use;
3) establish requirements for off-street parking and loading;
4) establish and maintain building setback lines; and
5) establish floodplain and age-specific community zoning districts and districts of historical significance.

A municipal planning agency cannot require as part of a subdivision regulation or zoning ordinance that a subdivider or developer establish an association. A subdivider or develop cannot be penalized because a real estate subdivision or development does not include a planned community. A municipality may require a subdivider or developer to establish an association to maintain private, common or community owned improvements that are approved and installed as part of a preliminary plat, final plat or specific plat. A municipality cannot require that an association be formed or operated other than for the maintenance of common areas or community owned property. (A.R.S. § 9-461.15)

Provisions

1. Prevents a municipality from interfering with a home buyer's right to choose the home design features, amenities, structure, floor plan and interior and exterior design. (Sec. 1)
2. Prohibits a municipality from requiring:
   a) a homeowners' association, condominium association or any other association;
   b) a shared feature or amenity that would require a homeowners' association, condominium association or any other association to maintain or operate the feature or amenity, unless necessary for stormwater management;
   c) screening, walls or fences; or
   d) private streets or roads. (Sec. 1)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 19

3. Stipulates property owners may voluntarily form or establish a homeowners' association, condominium association or any other association. (Sec. 1)
4. Asserts the planning and home design prohibitions do not supersede applicable building codes, fire codes or public health and safety regulations. (Sec. 1)
5. Prohibits a municipality that is designed in whole or in part as an urban area with a population of more than 50,000 persons from adopting or enforcing any code, ordinance, regulation or other requirement establishing:
   a) maximum or minimum lot sizes on which a single-family home may be located;
   b) minimum square footage or dimensions for a single-family home;
   c) maximum or minimum lot coverage for single-family home and any accessory structures;
   d) minimum building setbacks greater than five feet for a single-family home; or
   e) design, architectural or aesthetic elements for a single-family home. (Sec. 1)
6. Asserts the prohibitions relating to lot sizes and setbacks do not supersede applicable building codes, fire codes or public health safety regulations. (Sec. 1)
7. Cites this Act as the *Arizona Starter Homes Act*. (Sec. 2)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2570

DATE January 30, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress			✓		
Heap		✓			
Hendrix				✓	
Ortiz		✓			
Sun		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		8	1	1	0

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Nelson
COMMITTEE SECRETARY

ATTACHMENT 20