

4-203.02

A.R.S. §4-203.02: Special event licenses: rules

A. The director may issue on a temporary basis: 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 twenty-five dollars per day. The director shall transfer the monies collected to the department of health services for the purpose 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 if the event is to be held in an unincorporated area or by the governing body of the city or town if the event is to be held in a city or town.

C. The approval process prescribed in this section does not apply to physical locations that are fully within premises 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 only issue the special event license to 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 non-profit corporation, limited liability company, trust or other entity in this state or pursuant to the laws of another state that is eligible for designation as 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 agree with a special event contractor to assist the applicant 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 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 pst year and that are not otherwise in penalty status pursuant to subsection H. A licensee hodling a currently active series 6, 7, 11 or 12 license may serve as the special event contractor for a special even 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 shall be subject to the provisions of section 4-112, subsection G, paragraph 1.

F. The director may issue a special event license concurrently with a wine festival license 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. Notwithstanding section 4-244, paragraphs 13 and 19, both licenses shall permit the presence of purchased spirituous liquor in the possession of the purchaser.

G. For the purposes of this section, a special event licensee or an employee of a special event licensee and 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. In the case of a nonprofit entity that has obtained a special event license for the purpose of charitable fund raising 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 only be dispensed and served at the special event 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.

H. In addition to all other actions that may be taken by the director for violation of this title or the regulations issued 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 department 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.

I. The director may adopt those rules the director determines are necessary to implement and administer this section including a limitation 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.

J. At an event conducted pursuant to subsection A, paragraph 1 or 2 of this section, the licensee may conduct a wine pull or distilled spirits pull of up to fifty bottles of wine or distilled spirits. For the purposes of this subsection a "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. 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.

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

L. A licensed producer or wholesaler may donate spirituous liquor directly to an organization that is issued a license pursuant to subsection A of this section. The licensed producer or wholesaler shall in such instances issue a 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 and requirements set forth in this title and in the rules adopted by the department.

M. 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.

N. 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.

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