



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: COM DPA 10-0-0-0

HB 2199: restaurants; small alcohol ratio exemption

**Sponsor: Representative Gress, LD 4
Caucus & COW**

Overview

Provides an exemption to certain restaurants from the statutory off-sale 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 statutory percentage cap of total liquor sales for mixed cocktail off-sale use. (Sec. 1)
2. Defines *gross revenue*. (Sec. 1)

Amendments

Committee on Commerce

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.

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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2. Allows a special event license to be issued concurrently with a microbrewery festival license.
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.
4. Clarifies the exemption from the statutory percentage cap of liquor sales for mixed cocktail off-sale use applies to restaurants who meet specified qualifications.
5. Includes a requirement for DLLC to provide, through December 31, 2025, for an addendum to leases relating to the privilege of selling mixed cocktails for consumption off the licensed premises for restaurants that derive at least 90% of gross revenues from the sale of food and that have off-sale liquor sales that exceed 30% of total liquor sales in either 2023 or 2024.
6. Outlines the conditions applicable to the lease addendum.
7. Applies the exemption from the off-sale liquor sales percentage cap retroactive to January 1, 2024.
8. Adds that the Director may issue a new license of the same series in the same county for licenses that have been surrendered.
9. 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.
10. Requires a liquor store license and a bar license on the same premises to be owned by and issued to the same licensee.
11. 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.
12. Removes the definition of *gross revenue*.