



Dear ALBA Members,

The 2025 session of the Arizona Legislature is in full swing. We are approaching the midway in legislative hearings on various bills. Liquor is no exception, as there are five distinct bills affecting the liquor industry, with some in the Arizona House of Representatives and some in the Arizona State Senate.

First, the Senate:

### **SB 1556: Adult Hemp Beverages; Policies; Procedures**

This bill was introduced in the Senate by Senator TJ Shope. It has been considered and passed by the committee on regulatory affairs, and has now moved on for consideration by the entire State Senate. The bill has particular impact on the Arizona liquor industry, including Arizona retailers.

Today, there are few restrictions on the sale of hemp and hemp-derived products, including beverages. You have probably seen hemp products for sale, containing some form of THC, in liquor stores and numerous other settings. SB 1556 would change that, in that going forward all manufacturing, wholesaling, and retail sales of adult hemp beverages in Arizona would be required to be licensed by the Arizona DLLC. The regulation of hemp beverages would follow, nearly identically, the regulation of spiritus liquors. However, there would be no mandatory participation by a manufacturer, a wholesaler or a retailer. Arizona retailers could decide, based on their own profile, whether or not to sell adult hemp beverages side-by-side with liquor products.

ALBA early on supported this legislation. ALBA wants Arizona to follow the lead of other states which created sales and regulatory structure for low-dose hemp-derived THC beverages.

These beverages often contain between five and 10 mg of hemp-derived THC. This is because the product has similar characteristics to spirituous beverages, and by all means requires limits on the sale and consumption of the products as well as the age of customers.

Additionally, the structure of the DLLC is already fully tested, accepted, and in place. It seemed like it was a natural to have hemp products manufactured and sold side-by-side with spiritless liquor products; it also seems natural to have the supervising agency, the DLLC, also supervise the manufacturer and sale of adult beverages.

Although the sale and regulation of adult hemp beverages would be nearly identical to the sale and regulation of liquor products, there will be some differences:

1. The bill places limits on the amount of THC present in adult hemp beverages, to a lower dose
2. The bill requires independent lab testing of products to ensure safety; the testing must include the potency and amounts of substances listed as pesticides, etc.
3. No product can exceed the maximum amount of total THC aloud by per single serving.

4. A single serving of an adult beverage must have a volume of at least 200 mL or 6.76 ounces with not more than 10 mg of total THC per container
5. A multi serve container of adult Hemp beverage must have a volume of at least 3.75 mL or 12.68 ounces with not more than 30 mg/L or .887 mg/ fluid ounces of the container
6. No person can process, distribute or sell any adult hemp beverage product in powdered form or as a concentrate for mixing.
7. The bill limits serving sizes of adult hemp beverages
8. The bill prohibits the mixing of alcohol and hemp beverages
9. Mixing of any food or beverage with an adult hemp beverage is prohibited
10. No producer may use a concentrate containing any derivative of a THC component that is not a naturally occurring cannabinoid to produce an adult hemp beverage
11. Each sealed container of adult hand beverage will be taxed at the rate of \$1.50 per gallon and a proportionate rate if less or greater than a gallon.

### **SB 1467: Liquor; Consumption; Watercraft**

This bill, also introduced by Senator Shope, would make several changes to boat-centered alcohol licensing. First, the new authority would only apply to government licenses. Reportedly, the bill is directed at Tempe town Lake and the City of Tempe.

The second change is with respect to the hours for the sale and consumption of spirituous liquor service on boats. Currently, the lawful hours of sale are between the hours of 9 AM and 5 PM. The bill extends the time from 9 AM until 11 PM. Third, currently liquor can only be sold in conjunction with the consumption of food. That restriction is eliminated, with the ability to sell solely liquor without any service of food. Finally, the definition of “boat” is modified to permit larger boats; the new definition is between capacity of 15 to now 100.

SB 1467 has passed the Senate Regulatory Affairs Committee and is now ready for consideration by the entire State Senate.

### **SB 1424; HB 2741: Liquor Sampling; Reporting; Requirements**

House Bill 2741 and SB 1424 are identical bills, and both have been introduced at the request of Total Wine. Both bills have cleared their primary committee, with SB 1424 clearing the Regulatory Affairs Committee in the State Senate and HB 2741 clearing the Commerce Committee in the House of Representatives. Both are now ready for full consideration by the Senate and the House, respectively.

Both bills deal with reporting requirements and recordkeeping for sampling by a beer and wine, store retailer or a liquor store license retailer that have sampling privileges. Instead of using a singular, Department-maintained system for maintaining the records and reports that are required by the statute, both types of licenses now may use any reasonable means for maintaining the records and reports that are required.

The statute requires both types of licenses to report scheduled samplings to the DLLC once every two weeks. The bill provides that reporting to the department by a retailer can be by any reasonable means.

### **HB 2905: Craft Producer; Festival; Fair; License**

This bill was introduced at the request of the craft brewer, craft distillery and farm winery industries. The effect of the bill is to consolidate the three types of festival license and the three types of county or state fair license. Now, one basic license authority will apply to all three types of sampling and sale settings.

ALBA will continue to monitor all five liquor bills that are proceeding through the legislature. ALBA's ongoing goal is to preserve and protect the rights of Arizona retail licenses and to continually look for new retail opportunities for these licensees.

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**"NO ONE OF US IS AS POWERFUL AS ALL OF US TOGETHER"**

***Thank you for your continued support.***

Sincerely,

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