

Representative Ryan D. Wilcox proposes the following substitute bill:

ALCOHOLIC BEVERAGE CONTROL ACT SAMPLING

AMENDMENTS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ross I. Romero

House Sponsor: Ryan D. Wilcox

LONG TITLE

General Description:

This bill modifies the Alcoholic Beverage Control Act to address sampling of liquor.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ allows sampling of liquor by retail licensees under certain circumstances;
- ▶ addresses authority of local representatives;
- ▶ addresses giving away of a product except for testing, analysis, and sampling; and
- ▶ makes technical and conforming amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

32B-1-102, as last amended by Laws of Utah 2011, Second Special Session, Chapter 2

32B-4-705, as last amended by Laws of Utah 2011, Chapters 307 and 334



26 **32B-4-708**, as enacted by Laws of Utah 2010, Chapter 276

27 **32B-11-608**, as last amended by Laws of Utah 2011, Chapters 307 and 334

28

29 *Be it enacted by the Legislature of the state of Utah:*

30 Section 1. Section **32B-1-102** is amended to read:

31 **32B-1-102. Definitions.**

32 As used in this title:

33 (1) "Airport lounge" means a business location:

34 (a) at which an alcoholic product is sold at retail for consumption on the premises; and

35 (b) that is located at an international airport with a United States Customs office on the
36 premises of the international airport.

37 (2) "Airport lounge license" means a license issued in accordance with Chapter 5,
38 Retail License Act, and Chapter 6, Part 5, Airport Lounge License.

39 (3) "Alcoholic beverage" means the following:

40 (a) beer; or

41 (b) liquor.

42 (4) (a) "Alcoholic product" means a product that:

43 (i) contains at least .5% of alcohol by volume; and

44 (ii) is obtained by fermentation, infusion, decoction, brewing, distillation, or other
45 process that uses liquid or combinations of liquids, whether drinkable or not, to create alcohol
46 in an amount equal to or greater than .5% of alcohol by volume.

47 (b) "Alcoholic product" includes an alcoholic beverage.

48 (c) "Alcoholic product" does not include any of the following common items that
49 otherwise come within the definition of an alcoholic product:

50 (i) except as provided in Subsection (4)(d), an extract;

51 (ii) vinegar;

52 (iii) cider;

53 (iv) essence;

54 (v) tincture;

55 (vi) food preparation; or

56 (vii) an over-the-counter medicine.

57 (d) "Alcoholic product" includes an extract containing alcohol obtained by distillation
58 when it is used as a flavoring in the manufacturing of an alcoholic product.

59 (5) "Alcohol training and education seminar" means a seminar that is:

60 (a) required by Chapter 5, Part 4, Alcohol Training and Education Act; and

61 (b) described in Section 62A-15-401.

62 (6) "Banquet" means an event:

63 (a) that is held at one or more designated locations approved by the commission in or
64 on the premises of a:

65 (i) hotel;

66 (ii) resort facility;

67 (iii) sports center; or

68 (iv) convention center;

69 (b) for which there is a contract:

70 (i) between a person operating a facility listed in Subsection (6)(a) and another person;

71 and

72 (ii) under which the person operating a facility listed in Subsection (6)(a) is required to
73 provide an alcoholic product at the event; and

74 (c) at which food and alcoholic products may be sold, offered for sale, or furnished.

75 (7) (a) "Bar" means a surface or structure:

76 (i) at which an alcoholic product is:

77 (A) stored; or

78 (B) dispensed; or

79 (ii) from which an alcoholic product is served.

80 (b) "Bar structure" means a surface or structure on a licensed premises if on or at any
81 place of the surface or structure an alcoholic product is:

82 (i) stored; or

83 (ii) dispensed.

84 (8) (a) Subject to Subsection (8)(d), "beer" means a product that:

85 (i) contains at least .5% of alcohol by volume, but not more than 4% of alcohol by
86 volume or 3.2% by weight; and

87 (ii) is obtained by fermentation, infusion, or decoction of malted grain.

- 88 (b) "Beer" may or may not contain hops or other vegetable products.
- 89 (c) "Beer" includes a product that:
 - 90 (i) contains alcohol in the percentages described in Subsection (8)(a); and
 - 91 (ii) is referred to as:
 - 92 (A) beer;
 - 93 (B) ale;
 - 94 (C) porter;
 - 95 (D) stout;
 - 96 (E) lager; or
 - 97 (F) a malt or malted beverage.
 - 98 (d) "Beer" does not include a flavored malt beverage.
 - 99 (9) "Beer-only restaurant license" means a license issued in accordance with Chapter 5,
100 Retail License Act, and Chapter 6, Part 9, Beer-only Restaurant License.
 - 101 (10) "Beer retailer" means a business:
 - 102 (a) that is engaged, primarily or incidentally, in the retail sale of beer to a patron,
103 whether for consumption on or off the business premises; and
 - 104 (b) to whom a license is issued:
 - 105 (i) for an off-premise beer retailer, in accordance with Chapter 7, Part 2, Off-premise
106 Beer Retailer Local Authority; or
 - 107 (ii) for an on-premise beer retailer, in accordance with Chapter 5, Retail License Act,
108 and Chapter 6, Part 7, On-premise Beer Retailer License.
 - 109 (11) "Beer wholesaling license" means a license:
 - 110 (a) issued in accordance with Chapter 13, Beer Wholesaling License Act; and
 - 111 (b) to import for sale, or sell beer in wholesale or jobbing quantities to one or more
112 retail licensees or off-premise beer retailers.
 - 113 (12) "Billboard" means a public display used to advertise, including:
 - 114 (a) a light device;
 - 115 (b) a painting;
 - 116 (c) a drawing;
 - 117 (d) a poster;
 - 118 (e) a sign;

- 119 (f) a signboard; or
120 (g) a scoreboard.
121 (13) "Brewer" means a person engaged in manufacturing:
122 (a) beer;
123 (b) heavy beer; or
124 (c) a flavored malt beverage.
125 (14) "Brewery manufacturing license" means a license issued in accordance with
126 Chapter 11, Part 5, Brewery Manufacturing License.
127 (15) "Certificate of approval" means a certificate of approval obtained from the
128 department under Section 32B-11-201.
129 (16) "Chartered bus" means a passenger bus, coach, or other motor vehicle provided by
130 a bus company to a group of persons pursuant to a common purpose:
131 (a) under a single contract;
132 (b) at a fixed charge in accordance with the bus company's tariff; and
133 (c) to give the group of persons the exclusive use of the passenger bus, coach, or other
134 motor vehicle, and a driver to travel together to one or more specified destinations.
135 (17) "Church" means a building:
136 (a) set apart for worship;
137 (b) in which religious services are held;
138 (c) with which clergy is associated; and
139 (d) that is tax exempt under the laws of this state.
140 (18) (a) "Club license" means a license issued in accordance with Chapter 5, Retail
141 License Act, and Chapter 6, Part 4, Club License.
142 (b) "Club license" includes:
143 (i) a dining club license;
144 (ii) an equity club license;
145 (iii) a fraternal club license; or
146 (iv) a social club license.
147 (19) "Commission" means the Alcoholic Beverage Control Commission created in
148 Section 32B-2-201.
149 (20) "Commissioner" means a member of the commission.

150 (21) "Community location" means:

151 (a) a public or private school;

152 (b) a church;

153 (c) a public library;

154 (d) a public playground; or

155 (e) a public park.

156 (22) "Community location governing authority" means:

157 (a) the governing body of the community location; or

158 (b) if the commission does not know who is the governing body of a community
159 location, a person who appears to the commission to have been given on behalf of the
160 community location the authority to prohibit an activity at the community location.

161 (23) "Container" means a receptacle that contains an alcoholic product, including:

162 (a) a bottle;

163 (b) a vessel; or

164 (c) a similar item.

165 (24) "Convention center" means a facility that is:

166 (a) in total at least 30,000 square feet; and

167 (b) otherwise defined as a "convention center" by the commission by rule.

168 (25) (a) Subject to Subsection (25)(b), "counter" means a surface or structure in a
169 dining area of a licensed premises where seating is provided to a patron for service of food.

170 (b) "Counter" does not include a surface or structure if on or at any point of the surface
171 or structure an alcoholic product is:

172 (i) stored; or

173 (ii) dispensed.

174 (26) "Department" means the Department of Alcoholic Beverage Control created in
175 Section 32B-2-203.

176 (27) "Department compliance officer" means an individual who is:

177 (a) an auditor or inspector; and

178 (b) employed by the department.

179 (28) "Department sample" means liquor that is placed in the possession of the
180 department for testing, analysis, and sampling.

181 (29) "Dining club license" means a license issued in accordance with Chapter 5, Retail
182 License Act, and Chapter 6, Part 4, Club License, that is designated by the commission as a
183 dining club license.

184 (30) "Director," unless the context requires otherwise, means the director of the
185 department.

186 (31) "Disciplinary proceeding" means an adjudicative proceeding permitted under this
187 title:

188 (a) against a person subject to administrative action; and

189 (b) that is brought on the basis of a violation of this title.

190 (32) (a) Subject to Subsection (32)(b), "dispense" means:

191 (i) drawing of an alcoholic product:

192 (A) from an area where it is stored; or

193 (B) as provided in Subsection 32B-6-205(12)(b)(ii), 32B-6-305(12)(b)(ii),

194 32B-6-805(15)(b)(ii), or 32B-6-905(12)(b)(ii); and

195 (ii) using the alcoholic product described in Subsection (32)(a)(i) on the premises of
196 the licensed premises to mix or prepare an alcoholic product to be furnished to a patron of the
197 retail licensee.

198 (b) The definition of "dispense" in this Subsection (32) applies only to:

199 (i) a full-service restaurant license;

200 (ii) a limited-service restaurant license;

201 (iii) a reception center license; and

202 (iv) a beer-only restaurant license.

203 (33) "Distillery manufacturing license" means a license issued in accordance with
204 Chapter 11, Part 4, Distillery Manufacturing License.

205 (34) "Distressed merchandise" means an alcoholic product in the possession of the
206 department that is saleable, but for some reason is unappealing to the public.

207 (35) "Educational facility" includes:

208 (a) a nursery school;

209 (b) an infant day care center; and

210 (c) a trade and technical school.

211 (36) "Equity club license" means a license issued in accordance with Chapter 5, Retail

212 License Act, and Chapter 6, Part 4, Club License, that is designated by the commission as an
213 equity club license.

214 (37) "Event permit" means:

215 (a) a single event permit; or

216 (b) a temporary beer event permit.

217 (38) "Exempt license" means a license exempt under Section 32B-1-201 from being
218 considered in determining the total number of a retail license that the commission may issue at
219 any time.

220 (39) (a) "Flavored malt beverage" means a beverage:

221 (i) that contains at least .5% alcohol by volume;

222 (ii) that is treated by processing, filtration, or another method of manufacture that is not
223 generally recognized as a traditional process in the production of a beer as described in 27
224 C.F.R. Sec. 25.55;

225 (iii) to which is added a flavor or other ingredient containing alcohol, except for a hop
226 extract; and

227 (iv) (A) for which the producer is required to file a formula for approval with the
228 federal Alcohol and Tobacco Tax and Trade Bureau pursuant to 27 C.F.R. Sec. 25.55; or

229 (B) that is not exempt under Subdivision (f) of 27 C.F.R. Sec. 25.55.

230 (b) "Flavored malt beverage" is considered liquor for purposes of this title.

231 (40) "Fraternal club license" means a license issued in accordance with Chapter 5,
232 Retail License Act, and Chapter 6, Part 4, Club License, that is designated by the commission
233 as a fraternal club license.

234 (41) "Full-service restaurant license" means a license issued in accordance with
235 Chapter 5, Retail License Act, and Chapter 6, Part 2, Full-service Restaurant License.

236 (42) (a) "Furnish" means by any means to provide with, supply, or give an individual
237 an alcoholic product, by sale or otherwise.

238 (b) "Furnish" includes to:

239 (i) serve;

240 (ii) deliver; or

241 (iii) otherwise make available.

242 (43) "Guest" means an individual who meets the requirements of Subsection

- 243 32B-6-407(9).
- 244 (44) "Health care practitioner" means:
- 245 (a) a podiatrist licensed under Title 58, Chapter 5a, Podiatric Physician Licensing Act;
- 246 (b) an optometrist licensed under Title 58, Chapter 16a, Utah Optometry Practice Act;
- 247 (c) a pharmacist licensed under Title 58, Chapter 17b, Pharmacy Practice Act;
- 248 (d) a physical therapist licensed under Title 58, Chapter 24b, Physical Therapy Practice
- 249 Act;
- 250 (e) a nurse or advanced practice registered nurse licensed under Title 58, Chapter 31b,
- 251 Nurse Practice Act;
- 252 (f) a recreational therapist licensed under Title 58, Chapter 40, Recreational Therapy
- 253 Practice Act;
- 254 (g) an occupational therapist licensed under Title 58, Chapter 42a, Occupational
- 255 Therapy Practice Act;
- 256 (h) a nurse midwife licensed under Title 58, Chapter 44a, Nurse Midwife Practice Act;
- 257 (i) a mental health professional licensed under Title 58, Chapter 60, Mental Health
- 258 Professional Practice Act;
- 259 (j) a physician licensed under Title 58, Chapter 67, Utah Medical Practice Act;
- 260 (k) an osteopath licensed under Title 58, Chapter 68, Utah Osteopathic Medical
- 261 Practice Act;
- 262 (l) a dentist or dental hygienist licensed under Title 58, Chapter 69, Dentist and Dental
- 263 Hygienist Practice Act; and
- 264 (m) a physician assistant licensed under Title 58, Chapter 70a, Physician Assistant Act.
- 265 (45) (a) "Heavy beer" means a product that:
- 266 (i) contains more than 4% alcohol by volume; and
- 267 (ii) is obtained by fermentation, infusion, or decoction of malted grain.
- 268 (b) "Heavy beer" is considered liquor for the purposes of this title.
- 269 (46) "Hotel" is as defined by the commission by rule.
- 270 (47) "Identification card" means an identification card issued under Title 53, Chapter 3,
- 271 Part 8, Identification Card Act.
- 272 (48) "Industry representative" means an individual who is compensated by salary,
- 273 commission, or other means for representing and selling an alcoholic product of a

274 manufacturer, supplier, or importer of liquor.

275 (49) "Industry representative sample" means liquor that is placed in the possession of
276 the department for testing, analysis, and sampling by a local industry representative on the
277 premises of the department to educate the local industry representative of the quality and
278 characteristics of the product.

279 (50) "Interdicted person" means a person to whom the sale, offer for sale, or furnishing
280 of an alcoholic product is prohibited by:

- 281 (a) law; or
- 282 (b) court order.

283 (51) "Intoxicated" means that a person:

284 (a) is significantly impaired as to the person's mental or physical functions as a result of
285 the use of:

- 286 (i) an alcoholic product;
- 287 (ii) a controlled substance;
- 288 (iii) a substance having the property of releasing toxic vapors; or
- 289 (iv) a combination of Subsections (51)(a)(i) through (iii); and

290 (b) exhibits plain and easily observed outward manifestations of behavior or physical
291 signs produced by the over consumption of an alcoholic product.

292 (52) "Investigator" means an individual who is:

- 293 (a) a department compliance officer; or
- 294 (b) a nondepartment enforcement officer.

295 (53) "Invitee" is as defined in Section 32B-8-102.

296 (54) "License" means:

- 297 (a) a retail license;
- 298 (b) a license issued in accordance with Chapter 11, Manufacturing and Related
299 Licenses Act;

300 (c) a license issued in accordance with Chapter 12, Liquor Warehousing License Act;
301 or

302 (d) a license issued in accordance with Chapter 13, Beer Wholesaling License Act.

303 (55) "Licensee" means a person who holds a license.

304 (56) "Limited-service restaurant license" means a license issued in accordance with

305 Chapter 5, Retail License Act, and Chapter 6, Part 3, Limited-service Restaurant License.

306 (57) "Limousine" means a motor vehicle licensed by the state or a local authority, other
307 than a bus or taxicab:

308 (a) in which the driver and a passenger are separated by a partition, glass, or other
309 barrier;

310 (b) that is provided by a business entity to one or more individuals at a fixed charge in
311 accordance with the business entity's tariff; and

312 (c) to give the one or more individuals the exclusive use of the limousine and a driver
313 to travel to one or more specified destinations.

314 (58) (a) (i) "Liquor" means a liquid that:

315 (A) is:

316 (I) alcohol;

317 (II) an alcoholic, spirituous, vinous, fermented, malt, or other liquid;

318 (III) a combination of liquids a part of which is spirituous, vinous, or fermented; or

319 (IV) other drink or drinkable liquid; and

320 (B) (I) contains at least .5% alcohol by volume; and

321 (II) is suitable to use for beverage purposes.

322 (ii) "Liquor" includes:

323 (A) heavy beer;

324 (B) wine; and

325 (C) a flavored malt beverage.

326 (b) "Liquor" does not include beer.

327 (59) "Liquor Control Fund" means the enterprise fund created by Section 32B-2-301.

328 (60) "Liquor warehousing license" means a license that is issued:

329 (a) in accordance with Chapter 12, Liquor Warehousing License Act; and

330 (b) to a person, other than a licensed manufacturer, who engages in the importation for
331 storage, sale, or distribution of liquor regardless of amount.

332 (61) "Local authority" means:

333 (a) for premises that are located in an unincorporated area of a county, the governing
334 body of a county; or

335 (b) for premises that are located in an incorporated city or a town, the governing body

336 of the city or town.

337 (62) "Lounge or bar area" is as defined by rule made by the commission.

338 (63) "Manufacture" means to distill, brew, rectify, mix, compound, process, ferment, or
339 otherwise make an alcoholic product for personal use or for sale or distribution to others.

340 (64) "Member" means an individual who, after paying regular dues, has full privileges
341 in an equity club licensee or fraternal club licensee.

342 (65) (a) "Military installation" means a base, air field, camp, post, station, yard, center,
343 or homeport facility for a ship:

344 (i) (A) under the control of the United States Department of Defense; or

345 (B) of the National Guard;

346 (ii) that is located within the state; and

347 (iii) including a leased facility.

348 (b) "Military installation" does not include a facility used primarily for:

349 (i) civil works;

350 (ii) a rivers and harbors project; or

351 (iii) a flood control project.

352 (66) "Minor" means an individual under the age of 21 years.

353 (67) "Nondepartment enforcement agency" means an agency that:

354 (a) (i) is a state agency other than the department; or

355 (ii) is an agency of a county, city, or town; and

356 (b) has a responsibility to enforce one or more provisions of this title.

357 (68) "Nondepartment enforcement officer" means an individual who is:

358 (a) a peace officer, examiner, or investigator; and

359 (b) employed by a nondepartment enforcement agency.

360 (69) (a) "Off-premise beer retailer" means a beer retailer who is:

361 (i) licensed in accordance with Chapter 7, Part 2, Off-premise Beer Retailer Local

362 Authority; and

363 (ii) engaged in the retail sale of beer to a patron for consumption off the beer retailer's
364 premises.

365 (b) "Off-premise beer retailer" does not include an on-premise beer retailer.

366 (70) "On-premise banquet license" means a license issued in accordance with Chapter

367 5, Retail License Act, and Chapter 6, Part 6, On-premise Banquet License.

368 (71) "On-premise beer retailer" means a beer retailer who is:

369 (a) authorized to sell, offer for sale, or furnish beer under a license issued in
370 accordance with Chapter 5, Retail License Act, and Chapter 6, Part 7, On-premise Beer
371 Retailer License; and

372 (b) engaged in the sale of beer to a patron for consumption on the beer retailer's
373 premises:

374 (i) regardless of whether the beer retailer sells beer for consumption off the licensed
375 premises; and

376 (ii) on and after March 1, 2012, operating:

377 (A) as a tavern; or

378 (B) in a manner that meets the requirements of Subsection 32B-6-703(2)(e)(i).

379 (72) "Opaque" means impenetrable to sight.

380 (73) "Package agency" means a retail liquor location operated:

381 (a) under an agreement with the department; and

382 (b) by a person:

383 (i) other than the state; and

384 (ii) who is authorized by the commission in accordance with Chapter 2, Part 6, Package
385 Agency, to sell packaged liquor for consumption off the premises of the package agency.

386 (74) "Package agent" means a person who holds a package agency.

387 (75) "Patron" means an individual to whom food, beverages, or services are sold,
388 offered for sale, or furnished, or who consumes an alcoholic product including:

389 (a) a customer;

390 (b) a member;

391 (c) a guest;

392 (d) an attendee of a banquet or event;

393 (e) an individual who receives room service;

394 (f) a resident of a resort;

395 (g) a public customer under a resort spa sublicense, as defined in Section 32B-8-102;

396 or

397 (h) an invitee.

398 (76) "Permittee" means a person issued a permit under:

399 (a) Chapter 9, Event Permit Act; or

400 (b) Chapter 10, Special Use Permit Act.

401 (77) "Person subject to administrative action" means:

402 (a) a licensee;

403 (b) a permittee;

404 (c) a manufacturer;

405 (d) a supplier;

406 (e) an importer;

407 (f) one of the following holding a certificate of approval:

408 (i) an out-of-state brewer;

409 (ii) an out-of-state importer of beer, heavy beer, or flavored malt beverages; or

410 (iii) an out-of-state supplier of beer, heavy beer, or flavored malt beverages; or

411 (g) staff of:

412 (i) a person listed in Subsections (77)(a) through (f); or

413 (ii) a package agent.

414 (78) "Premises" means a building, enclosure, or room used in connection with the
415 storage, sale, furnishing, consumption, manufacture, or distribution, of an alcoholic product,
416 unless otherwise defined in this title or rules made by the commission.

417 (79) "Prescription" means an order issued by a health care practitioner when:

418 (a) the health care practitioner is licensed under Title 58, Occupations and Professions,
419 to prescribe a controlled substance, other drug, or device for medicinal purposes;

420 (b) the order is made in the course of that health care practitioner's professional
421 practice; and

422 (c) the order is made for obtaining an alcoholic product for medicinal purposes only.

423 (80) (a) "Private event" means a specific social, business, or recreational event:

424 (i) for which an entire room, area, or hall is leased or rented in advance by an identified
425 group; and

426 (ii) that is limited in attendance to people who are specifically designated and their
427 guests.

428 (b) "Private event" does not include an event to which the general public is invited,

429 whether for an admission fee or not.

430 (81) (a) "Proof of age" means:

431 (i) an identification card;

432 (ii) an identification that:

433 (A) is substantially similar to an identification card;

434 (B) is issued in accordance with the laws of a state other than Utah in which the

435 identification is issued;

436 (C) includes date of birth; and

437 (D) has a picture affixed;

438 (iii) a valid driver license certificate that:

439 (A) includes date of birth;

440 (B) has a picture affixed; and

441 (C) is issued:

442 (I) under Title 53, Chapter 3, Uniform Driver License Act; or

443 (II) in accordance with the laws of the state in which it is issued;

444 (iv) a military identification card that:

445 (A) includes date of birth; and

446 (B) has a picture affixed; or

447 (v) a valid passport.

448 (b) "Proof of age" does not include a driving privilege card issued in accordance with

449 Section 53-3-207.

450 (82) (a) "Public building" means a building or permanent structure that is:

451 (i) owned or leased by:

452 (A) the state; or

453 (B) a local government entity; and

454 (ii) used for:

455 (A) public education;

456 (B) transacting public business; or

457 (C) regularly conducting government activities.

458 (b) "Public building" does not include a building owned by the state or a local

459 government entity when the building is used by a person, in whole or in part, for a proprietary

460 function.

461 (83) "Public conveyance" means a conveyance to which the public or a portion of the
462 public has access to and a right to use for transportation, including an airline, railroad, bus,
463 boat, or other public conveyance.

464 (84) "Reception center" means a business that:

465 (a) operates facilities that are at least 5,000 square feet; and

466 (b) has as its primary purpose the leasing of the facilities described in Subsection
467 (84)(a) to a third party for the third party's event.

468 (85) "Reception center license" means a license issued in accordance with Chapter 5,
469 Retail License Act, and Chapter 6, Part 8, Reception Center License.

470 (86) (a) "Record" means information that is:

471 (i) inscribed on a tangible medium; or

472 (ii) stored in an electronic or other medium and is retrievable in a perceivable form.

473 (b) "Record" includes:

474 (i) a book;

475 (ii) a book of account;

476 (iii) a paper;

477 (iv) a contract;

478 (v) an agreement;

479 (vi) a document; or

480 (vii) a recording in any medium.

481 (87) "Residence" means a person's principal place of abode within Utah.

482 (88) "Resident," in relation to a resort, is as defined in Section 32B-8-102.

483 (89) "Resort" is as defined in Section 32B-8-102.

484 (90) "Resort facility" is as defined by the commission by rule.

485 (91) "Resort license" means a license issued in accordance with Chapter 5, Retail
486 License Act, and Chapter 8, Resort License Act.

487 (92) "Restaurant" means a business location:

488 (a) at which a variety of foods are prepared;

489 (b) at which complete meals are served to the general public; and

490 (c) that is engaged primarily in serving meals to the general public.

491 (93) "Retail license" means one of the following licenses issued under this title:

- 492 (a) a full-service restaurant license;
- 493 (b) a limited-service restaurant license;
- 494 (c) a club license;
- 495 (d) an airport lounge license;
- 496 (e) an on-premise banquet license;
- 497 (f) an on-premise beer license;
- 498 (g) a reception center license; or
- 499 (h) a beer-only restaurant license.

500 (94) "Retail licensee sample" means liquor that is used for testing, analysis, and
501 sampling by a retail licensee in accordance with Subsection 32B-4-705(7).

502 [~~94~~] (95) "Room service" means furnishing an alcoholic product to a person in a
503 guest room of a:

- 504 (a) hotel; or
- 505 (b) resort facility.

506 [~~95~~] (96) "Serve" means to place an alcoholic product before an individual.

507 [~~96~~] (97) (a) "School" means a building used primarily for the general education of
508 minors.

509 (b) "School" does not include an educational facility.

510 [~~97~~] (98) "Sell" or "offer for sale" means a transaction, exchange, or barter whereby,
511 for consideration, an alcoholic product is either directly or indirectly transferred, solicited,
512 ordered, delivered for value, or by a means or under a pretext is promised or obtained, whether
513 done by a person as a principal, proprietor, or as staff, unless otherwise defined in this title or
514 the rules made by the commission.

515 [~~98~~] (99) "Sexually oriented entertainer" means a person who while in a state of
516 seminudity appears at or performs:

- 517 (a) for the entertainment of one or more patrons;
- 518 (b) on the premises of:
 - 519 (i) a social club licensee; or
 - 520 (ii) a tavern;
- 521 (c) on behalf of or at the request of the licensee described in Subsection [~~98~~] (99)(b);

522 (d) on a contractual or voluntary basis; and

523 (e) whether or not the person is designated as:

524 (i) an employee;

525 (ii) an independent contractor;

526 (iii) an agent of the licensee; or

527 (iv) a different type of classification.

528 [~~99~~] (100) "Single event permit" means a permit issued in accordance with Chapter 9,
529 Part 3, Single Event Permit.

530 [~~100~~] (101) "Small brewer" means a brewer who manufactures less than 60,000
531 barrels of beer, heavy beer, and flavored malt beverages per year.

532 [~~101~~] (102) "Social club license" means a license issued in accordance with Chapter
533 5, Retail License Act, and Chapter 6, Part 4, Club License, that is designated by the
534 commission as a social club license.

535 [~~102~~] (103) "Special use permit" means a permit issued in accordance with Chapter
536 10, Special Use Permit Act.

537 [~~103~~] (104) (a) "Spirituous liquor" means liquor that is distilled.

538 (b) "Spirituous liquor" includes an alcoholic product defined as a "distilled spirit" by
539 27 U.S.C. Sec. 211 and 27 C.F.R. Sec. 5.11 through 5.23.

540 [~~104~~] (105) "Sports center" is as defined by the commission by rule.

541 [~~105~~] (106) (a) "Staff" means an individual who engages in activity governed by this
542 title:

543 (i) on behalf of a business, including a package agent, licensee, permittee, or certificate
544 holder;

545 (ii) at the request of the business, including a package agent, licensee, permittee, or
546 certificate holder; or

547 (iii) under the authority of the business, including a package agent, licensee, permittee,
548 or certificate holder.

549 (b) "Staff" includes:

550 (i) an officer;

551 (ii) a director;

552 (iii) an employee;

- 553 (iv) personnel management;
- 554 (v) an agent of the licensee, including a managing agent;
- 555 (vi) an operator; or
- 556 (vii) a representative.

557 [~~106~~] (107) "State of nudity" means:

- 558 (a) the appearance of:
 - 559 (i) the nipple or areola of a female human breast;
 - 560 (ii) a human genital;
 - 561 (iii) a human pubic area; or
 - 562 (iv) a human anus; or
- 563 (b) a state of dress that fails to opaquely cover:
 - 564 (i) the nipple or areola of a female human breast;
 - 565 (ii) a human genital;
 - 566 (iii) a human pubic area; or
 - 567 (iv) a human anus.

568 [~~107~~] (108) "State of seminudity" means a state of dress in which opaque clothing
569 covers no more than:

- 570 (a) the nipple and areola of the female human breast in a shape and color other than the
571 natural shape and color of the nipple and areola; and
- 572 (b) the human genitals, pubic area, and anus:
 - 573 (i) with no less than the following at its widest point:
 - 574 (A) four inches coverage width in the front of the human body; and
 - 575 (B) five inches coverage width in the back of the human body; and
 - 576 (ii) with coverage that does not taper to less than one inch wide at the narrowest point.

577 [~~108~~] (109) (a) "State store" means a facility for the sale of packaged liquor:

- 578 (i) located on premises owned or leased by the state; and
- 579 (ii) operated by a state employee.
- 580 (b) "State store" does not include:
 - 581 (i) a package agency;
 - 582 (ii) a licensee; or
 - 583 (iii) a permittee.

584 [~~(109)~~] (110) (a) "Storage area" means an area on licensed premises where the licensee
585 stores an alcoholic product.

586 (b) "Store" means to place or maintain in a location an alcoholic product from which a
587 person draws to prepare an alcoholic product to be furnished to a patron, except as provided in
588 Subsection 32B-6-205(12)(b)(ii), 32B-6-305(12)(b)(ii), 32B-6-805(15)(b)(ii), or
589 32B-6-905(12)(b)(ii).

590 [~~(110)~~] (111) "Sublicense" is as defined in Section 32B-8-102.

591 [~~(111)~~] (112) "Supplier" means a person who sells an alcoholic product to the
592 department.

593 [~~(112)~~] (113) "Tavern" means an on-premise beer retailer who is:

594 (a) issued a license by the commission in accordance with Chapter 5, Retail License
595 Act, and Chapter 6, Part 7, On-premise Beer Retailer License; and

596 (b) designated by the commission as a tavern in accordance with Chapter 6, Part 7,
597 On-premise Beer Retailer License.

598 [~~(113)~~] (114) "Temporary beer event permit" means a permit issued in accordance with
599 Chapter 9, Part 4, Temporary Beer Event Permit.

600 [~~(114)~~] (115) "Temporary domicile" means the principal place of abode within Utah of
601 a person who does not have a present intention to continue residency within Utah permanently
602 or indefinitely.

603 (116) "Trade show" means a private event that is:

604 (a) hosted by one or more industry representatives for the purpose of sampling and
605 analyzing retail licensee samples of liquor furnished by the industry representatives in
606 accordance with Subsection 32B-4-705(7);

607 (b) attended by the department and retail licensees;

608 (c) supervised by the department;

609 (d) held in a convention center, hotel, or similar facility approved by the department;

610 (e) attended by at least 15 individuals; and

611 (f) hosted by an industry representative described in Subsection (116)(a) no more
612 frequently than four times during a calendar year, when liquor of any kind is sampled and
613 analyzed.

614 [~~(115)~~] (117) "Translucent" means a substance that allows light to pass through, but

615 does not allow an object or person to be seen through the substance.

616 [~~(H6)~~] (118) "Unsaleable liquor merchandise" means a container that:

617 (a) is unsaleable because the container is:

618 (i) unlabeled;

619 (ii) leaky;

620 (iii) damaged;

621 (iv) difficult to open; or

622 (v) partly filled;

623 (b) (i) has faded labels or defective caps or corks;

624 (ii) has contents that are:

625 (A) cloudy;

626 (B) spoiled; or

627 (C) chemically determined to be impure; or

628 (iii) contains:

629 (A) sediment; or

630 (B) a foreign substance; or

631 (c) is otherwise considered by the department as unfit for sale.

632 [~~(H7)~~] (119) (a) "Wine" means an alcoholic product obtained by the fermentation of
633 the natural sugar content of fruits, plants, honey, or milk, or other like substance, whether or
634 not another ingredient is added.

635 (b) "Wine" is considered liquor for purposes of this title, except as otherwise provided
636 in this title.

637 [~~(H8)~~] (120) "Winery manufacturing license" means a license issued in accordance
638 with Chapter 11, Part 3, Winery Manufacturing License.

639 Section 2. Section **32B-4-705** is amended to read:

640 **32B-4-705. Exclusions from tied house prohibitions.**

641 (1) Notwithstanding Subsection 32B-4-704(3), a thing of value may be furnished by an
642 industry member to a retailer under the conditions and within the limitations prescribed in:

643 (a) this section; and

644 (b) the applicable federal laws cited in this section.

645 (2) The following may be furnished by an industry member:

- 646 (a) a product display as provided in 27 C.F.R. Sec. 6.83;
- 647 (b) point of sale advertising material or a consumer advertising specialty as provided in
648 27 C.F.R. Sec. 6.84;
- 649 (c) a thing of value to a temporary retailer to the extent allowed in 27 C.F.R. Sec. 6.85;
- 650 (d) equipment and supplies as provided in 27 C.F.R. Sec. 6.88;
- 651 (e) combination packaging as provided in 27 C.F.R. Sec. 6.93;
- 652 (f) an educational seminar as provided in 27 C.F.R. Sec. 6.94;
- 653 (g) a consumer promotion as provided in 27 C.F.R. Sec. 6.96;
- 654 (h) an advertising service as provided in 27 C.F.R. Sec. 6.98;
- 655 (i) stocking, rotation, and pricing service as provided in 27 C.F.R. Sec. 6.99;
- 656 (j) merchandise as provided in 27 C.F.R. Sec. 6.101; and
- 657 (k) an outside sign as provided in 27 C.F.R. Sec. 6.102.
- 658 (3) The following exceptions provided in federal law are not applicable:
 - 659 (a) the exception for a sample as provided in 27 C.F.R. Sec. 6.91;
 - 660 (b) the exception for a consumer tasting or sampling at a retail establishment as
661 provided in 27 C.F.R. Sec. 6.95; and
 - 662 (c) the exception for participation in a retailer association activity provided in 27
663 C.F.R. Sec. 6.100.
- 664 (4) To the extent required by 27 C.F.R. Sec. 6.81(b) an industry member shall maintain
665 a record:
 - 666 (a) of an item furnished to a retailer;
 - 667 (b) on the premises of the industry member; and
 - 668 (c) for a three-year period.
- 669 (5) A sample of liquor may be provided to the department under the following
670 conditions:
 - 671 (a) With the department's permission, an industry member may submit a department
672 sample to the department for product testing, analysis, and sampling.
 - 673 (b) No more than two department samples of a particular type, vintage, and production
674 lot of a particular branded product may be submitted to the department for department testing,
675 analysis, and sampling within a consecutive 120-day period.
 - 676 (c) (i) A department sample may not exceed 1 liter.

677 (ii) Notwithstanding Subsection (5)(c)(i), a department sample of the following may
678 not exceed 1.5 liters unless that exact alcoholic product is only commercially packaged in a
679 larger size, not to exceed 5 liters:

680 (A) wine;

681 (B) heavy beer; or

682 (C) a flavored malt beverage.

683 (d) A department sample submitted to the department:

684 (i) shall be shipped prepaid by the industry member by common carrier; and

685 (ii) may not be shipped by United States mail directly to the department's central
686 administrative warehouse office.

687 (e) A department sample may not be shipped to any other location within the state.

688 (f) The industry member shall submit with a department sample submitted to the
689 department a letter from the industry member that clearly:

690 (i) identifies the product as a "department sample"; and

691 (ii) states the FOB case price of the product.

692 (g) (i) The department may transfer a listed item from current stock:

693 (A) for use as a comparison control sample; or

694 (B) to verify product spoilage as considered appropriate.

695 (ii) The department shall charge back a sample transferred under this Subsection (5)(g)
696 to the respective industry member.

697 (h) The department shall:

698 (i) account for, label, and record a department sample received or transferred;

699 (ii) account for the department sample's disposition; and

700 (iii) maintain a record of the sample and its disposition for a two-year period.

701 (i) The department shall affix to each container of a department sample a label clearly
702 identifying the product as a "department sample."

703 (j) The department shall dispose of a department sample delivered to the department or
704 transferred from the department's current stock in one of the following ways as chosen by the
705 department:

706 (i) test and analyze the department sample, with the remaining contents destroyed
707 under controlled and audited conditions established by the department;

708 (ii) destroy the entire contents of the department sample under controlled and audited
709 conditions established by the department; or

710 (iii) add the department sample to the inventory of the department for sale to the
711 public.

712 (k) A person other than an authorized department official may not be in possession of a
713 department sample except as otherwise provided.

714 (l) The department shall handle a liquor item received by the department from a
715 supplier that is not designated as a sample by the supplier, but that is an item not specifically
716 listed on a department purchase order, in accordance with this Subsection (5).

717 (m) The department may not use its money to pay freight or charges on a sample or a
718 liquor item:

719 (i) shipped to the department by a supplier; and

720 (ii) not listed on a department purchase order.

721 (6) A sample of beer may be provided by a beer industry member to a retailer under the
722 conditions listed in this Subsection (6).

723 (a) A sample of beer may be provided by an industry member only to a retailer who has
724 not purchased the brand of beer from that industry member within the last 12 months.

725 (b) For each retailer, the industry member may give not more than three gallons of any
726 brand of beer, except that if a particular product is not available in a size within the quantity
727 limitation, an industry member may furnish the next largest size.

728 (7) (a) A retail licensee may taste and analyze a retail licensee sample under the
729 conditions listed in this Subsection (7).

730 (b) (i) Only an industry representative may purchase a retail licensee sample.

731 (ii) An industry representative shall purchase a retail licensee sample from the
732 department from a particular type, vintage, and production lot:

733 (A) listed on the department's sales list; or

734 (B) special ordered by the department.

735 (iii) An industry representative may not purchase more than six retail licensee samples
736 of a particular type, vintage, and production lot of a particular branded product within a
737 consecutive 120-day period.

738 (c) (i) An industry representative shall ensure that before a retail licensee sample or

739 flavoring is used for tasting and analysis, the department affixes to the retail licensee sample or
740 flavoring a label clearly identifying the product as a "retail licensee sample."

741 (ii) The department may assess the actual cost of labeling for a retail licensee sample or
742 flavoring.

743 (d) (i) A retail licensee sample of liquor may not exceed one liter.

744 (ii) Notwithstanding Subsection (7)(d)(i), a retail licensee sample of the following may
745 not exceed one liter unless that exact product is only commercially packaged in a larger size,
746 not to exceed five liters:

747 (A) wine;

748 (B) heavy beer; or

749 (C) a flavored malt beverage.

750 (e) (i) The sampling and analysis of a retail licensee sample by a retail licensee under
751 this Subsection (7) may only occur at:

752 (A) a state store, notwithstanding Subsection 32B-2-503(7)(b);

753 (B) a package agency, notwithstanding Subsection 32B-2-605(15)(b); or

754 (C) a trade show.

755 (ii) A representative of the department, who is a compliance officer with an
756 understanding of the relevant law, shall supervise a tasting and analysis held at a location
757 described in Subsection (7)(e)(i) and be present throughout the entire tasting and analysis. The
758 representative of the department who supervises a tasting and analysis is responsible for
759 transporting a retail licensee sample or flavoring used in a tasting and analysis to the location at
760 which the tasting and analysis occurs.

761 (iii) The department shall assess an industry representative conducting a tasting and
762 analysis under this Subsection (7) the actual cost to the department incurred because of the
763 tasting and analysis, including the cost of the department attending and supervising the tasting
764 and analysis. An industry representative shall pay the cost assessed by the department as a
765 condition to conducting the tasting and analysis.

766 (iv) An industry representative may participate in the tasting and analysis of a retail
767 licensee sample.

768 (v) Only an owner, manager, or other individual who purchases an alcoholic product
769 for a retail licensee may on behalf of the retail licensee taste and analyze one or more retail

770 licensee samples.

771 (f) (i) An alcoholic product may not be consumed during the time that an individual
772 tastes or analyzes liquor.

773 (ii) An individual described in Subsection (7)(e) may taste and analyze no more than
774 the following of a retail licensee sample:

775 (A) 1.5 ounces of a particular type, vintage, and production lot of a particular branded
776 product of wine, heavy beer, or flavored malt beverage; or

777 (B) .5 ounces of a particular type, vintage, and production lot of a particular branded
778 product of spirituous liquor.

779 (g) An industry representative may bring food to taste with a retail licensee sample
780 being tasted and analyzed under this Subsection (7).

781 (h) An industry representative may add another alcoholic product to the amount of a
782 retail licensee sample being tasted and analyzed under this Subsection (7) if:

783 (i) the other alcoholic product is:

784 (A) used as a secondary flavoring ingredient;

785 (B) used in conjunction with the primary liquor;

786 (C) not the only liquor in the beverage;

787 (D) purchased from the department; and

788 (E) labeled as a retail licensee sample in accordance with Subsection (7)(c); and

789 (ii) an individual has no more than 2.5 ounces of spirituous liquor at a time before the
790 individual.

791 (i) An industry representative shall:

792 (i) account for and record each retail licensee sample received;

793 (ii) account for each retail licensee sample's disposition; and

794 (iii) maintain a record of the retail licensee sample and its disposition for a one-year
795 period.

796 (j) After a tasting and analysis under this Subsection (7) is completed, the
797 representative of the department who supervises the testing and analysis shall remove from the
798 location at which the tasting and analysis occurred the retail licensee samples and flavorings
799 brought to the tasting and analysis, including the unused contents of an opened product
800 remaining after a product is tasted and analyzed.

801 (k) (i) An industry representative, manufacturer, supplier, or importer may not at any
802 time give or otherwise furnish any item not used solely during the tasting and analysis,
803 including point of sale advertising material, to a person who participates in a tasting and
804 analysis under this Subsection (7) or take any action that would constitute a violation of
805 Section 32B-4-706.

806 (ii) A person who participates in a tasting and analysis under this Subsection (7) may
807 not at any time accept from an industry representative, manufacturer, supplier, or importer any
808 item not used solely during the tasting and analysis, including point of sale advertising
809 material.

810 (l) (i) Subject to Subsection 32B-3-204(5), if a licensee or staff of the licensee violates
811 this Subsection (7), the licensee is subject to the penalties for a grave violation, as established
812 by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
813 including fines, suspension of the license, or revocation of the license.

814 (ii) If a licensee, staff of the licensee, or a manufacturer, supplier, or importer or staff
815 of a manufacturer, supplier, or importer violates this Subsection (7), the commission may
816 order:

817 (A) the removal of an alcoholic product of the manufacturer's, supplier's, or importer's
818 from the department's sales list; and

819 (B) a suspension of the department's purchase of an alcoholic product described in
820 Subsection (7)(l)(ii)(A) for a period determined by the commission.

821 ~~(7)~~ (8) An educational seminar may involve an industry member under the conditions
822 listed in this Subsection ~~(7)~~ (8).

823 (a) An industry member may provide or participate in an educational seminar:

824 (i) involving:

825 (A) the department;

826 (B) a retailer;

827 (C) a holder of a scientific or educational special use permit;

828 (D) another industry member; or

829 (E) an employee of a person listed in Subsections ~~(7)~~ (8)(a)(i)(A) through (D); and

830 (ii) regarding a topic such as:

831 (A) merchandising and product knowledge;

832 (B) use of equipment; and

833 (C) a tour of an alcoholic product manufacturing facility.

834 (b) An industry member may not pay the expenses of or compensate a person who is a
835 department employee, a retailer, or a permittee for attending a seminar or tour described in
836 Subsection [~~(7)~~] (8)(a).

837 [~~(8)~~] (9) (a) A liquor industry member may conduct a tasting of a liquor product of the
838 industry member:

839 (i) for the department, at the department's request; [~~and~~]

840 (ii) for a licensed industry representative, but only at the department's central
841 administrative warehouse office[-]; and

842 (iii) for a retail licensee, through an industry representative in accordance with
843 Subsection (7).

844 (b) A liquor industry member may only use a department sample or industry
845 representative sample when conducting a tasting of the industry member's liquor product under
846 this Subsection (9).

847 (c) A beer industry member may conduct a tasting of a beer product for a beer retailer
848 either at:

849 (i) the industry member's premises; or

850 (ii) a retail establishment.

851 (d) Except to the extent authorized by this section or commission rule, an alcoholic
852 product industry member may not conduct tasting or sampling activities with:

853 (i) a retailer; or

854 (ii) a member of the general public.

855 [~~(9)~~] (10) A beer industry member may participate in a beer retailer association activity
856 to the extent authorized by 27 C.F.R. Sec. 6.100.

857 [~~(10)~~] (11) (a) An industry member may contribute to a charitable, civic, religious,
858 fraternal, educational, or community activity, except the contribution may not be given to
859 influence a retailer in the selection of a product that may be sold at the activity.

860 (b) An industry member or retailer violates this Subsection [~~(10)~~] (11) if:

861 (i) the industry member's contribution influences, directly or indirectly, the retailer in
862 the selection of a product; and

863 (ii) a competitor's product is excluded in whole or in part from sale at the activity.

864 [~~(11)~~] (12) (a) An industry member may lease or furnish equipment listed in

865 Subsection [~~(11)~~] (12)(b) to a retailer if:

866 (i) the equipment is leased or furnished for a special event;

867 (ii) a reasonable rental or service fee is charged for the equipment; and

868 (iii) the period for which the equipment is leased or furnished does not exceed 30 days.

869 (b) This Subsection [~~(11)~~] (12) applies to the following equipment:

870 (i) a picnic pump;

871 (ii) a cold plate;

872 (iii) a tub;

873 (iv) a keg box;

874 (v) a refrigerated trailer;

875 (vi) a refrigerated van; or

876 (vii) a refrigerated draft system.

877 [~~(12)~~] (13) (a) A liquor industry member may assist the department in:

878 (i) ordering, shipping, and delivering merchandise;

879 (ii) new product notification;

880 (iii) listing and delisting information;

881 (iv) price quotations;

882 (v) product sales analysis;

883 (vi) shelf management; and

884 (vii) an educational seminar.

885 (b) (i) A liquor industry member may, to acquire a new listing:

886 (A) solicit an order from the department; and

887 (B) submit to the department a sample of the liquor industry member's products under

888 Subsection (5) and price lists.

889 (ii) (A) An industry member is confined to the customer areas when the industry
890 member visits a state store or package agency unless otherwise approved.

891 (B) An industry member is confined to the office area of a state warehouse when the
892 industry member visits a state warehouse unless otherwise approved.

893 [~~(13)~~] (14) A beer industry member may assist a beer retailer in:

- 894 (a) ordering, shipping, and delivering beer merchandise;
- 895 (b) new product notification;
- 896 (c) listing and delisting information;
- 897 (d) price quotations;
- 898 (e) product sales analysis;
- 899 (f) shelf management; and
- 900 (g) an educational seminar.

901 ~~[(14)]~~ (15) A beer industry member may, to acquire a new listing:

- 902 (a) solicit an order from a beer retailer; and
- 903 (b) submit to a beer retailer a sample of the beer industry member's beer products under

904 Subsection (5) and price lists.

905 Section 3. Section **32B-4-708** is amended to read:

906 **32B-4-708. Unlawful act involving consumers.**

907 (1) (a) It is unlawful for an industry member, directly or indirectly, or through an
908 affiliate, to give away any of its product to a person except for testing, analysis, and sampling
909 purposes by the ~~[department or local industry representative licensee]~~ following to the extent
910 authorized by this title[-]:

- 911 (i) the department;
- 912 (ii) a retail licensee;
- 913 (iii) a beer retailer; or
- 914 (iv) a local industry representative licensee.

915 (b) This Subsection (1) does not preclude an industry member from serving its product
916 to others at a private event hosted by the industry member in the industry member's home or
917 elsewhere so long as the product is not served:

- 918 (i) as part of a promotion of the industry member's product; or
- 919 (ii) as a subterfuge to provide a sample to a person for product testing, analysis, or
920 sampling purposes.

921 (2) It is unlawful for an industry member or retailer, directly or indirectly, or through
922 an affiliate, to engage in an advertisement or promotional scheme that requires the purchase or
923 sale of an alcoholic product, or consumption of an alcoholic product, in order to participate in a
924 promotion, program, or other activity.

925 (3) It is unlawful for an industry member or retailer, directly or indirectly, or through
926 an affiliate, to pay, give, or deliver to a person money or any other thing of value, including a
927 rebate, refund, or prize, on the basis of the purchase, display, use, sale, or consumption of an
928 alcoholic product.

929 (4) It is unlawful for an industry member or retailer to sponsor or underwrite an
930 athletic, theatrical, scholastic, artistic, or scientific event that:

- 931 (a) overtly promotes the consumption of a product;
- 932 (b) offers a product to the general public without charge; or
- 933 (c) takes place on the premises of a school, college, university, or other educational
934 institution.

935 Section 4. Section **32B-11-608** is amended to read:

936 **32B-11-608. Operational requirements for local industry representative license.**

937 (1) (a) A local industry representative licensee, staff of the local industry representative
938 licensee, or staff of a manufacturer, supplier, or importer who is conducting business in the
939 state, shall comply with this title and rules of the commission.

940 (b) If a person knowingly violates Subsection (1)(a):

941 (i) the violation may result in disciplinary action in accordance with Chapter 3,
942 Disciplinary Actions and Enforcement Act, against:

- 943 (A) a local industry representative licensee;
- 944 (B) individual staff of a local industry representative licensee; or
- 945 (C) both a local industry representative licensee and staff of the local industry
946 representative licensee; and

947 (ii) if the conditions of Subsection (1)(c) are met, the commission may order:

948 (A) the removal of the manufacturer's, supplier's, or importer's products from the
949 department's sales list; and

950 (B) a suspension of the department's purchase of those products for a period
951 determined by the commission.

952 (c) Subsection (1)(b)(ii) applies if the manufacturer, supplier, or importer:

- 953 (i) directly commits the violation; or
- 954 (ii) solicits, requests, commands, encourages, or intentionally aides another to engage
955 in the violation.

956 (2) A local industry representative licensee shall display its license in the local industry
957 representative licensee's principal place of business.

958 (3) (a) A local industry representative licensee shall maintain on file with the
959 department a current accounts list of the names and addresses of the manufacturers, suppliers,
960 and importers the local industry representative licensee represents.

961 (b) A local industry representative licensee shall notify the department in writing of a
962 change to its accounts list within 14 days from the date the local industry representative
963 licensee:

- 964 (i) acquires the account of a manufacturer, supplier, or importer; or
- 965 (ii) loses the account of a manufacturer, supplier, or importer.

966 (4) (a) A local industry representative licensee shall make and maintain the records the
967 department requires for at least three years.

968 (b) Section 32B-1-205 applies to a record required to be made or maintained in
969 accordance with this Subsection (4).

970 (5) Staff of a local industry representative licensee may not be:

- 971 (a) a retail licensee that sells, offers for sale, or furnishes liquor;
- 972 (b) staff of a retail licensee that sells, offers for sale, or furnishes liquor; or
- 973 (c) a minor.

974 (6) (a) A local representative licensee may not sell, transfer, assign, exchange, barter,
975 give, or attempt in any way to dispose of the license to another person, whether for monetary
976 gain or not.

977 (b) A local industry representative license has no monetary value for any type of
978 disposition.

979 (7) A local industry representative licensee, staff of the local industry representative
980 licensee, or staff of a manufacturer, supplier, or importer who is conducting business in the
981 state:

982 (a) only to the extent authorized by Chapter 4, Criminal Offenses and Procedure Act,
983 may:

- 984 (i) assist the department in:
 - 985 (A) ordering, shipping, and delivering merchandise;
 - 986 (B) providing new product notification;

- 987 (C) obtaining listing and delisting information;
- 988 (D) receiving price quotations;
- 989 (E) providing product sales analysis;
- 990 (F) conducting shelf management; and
- 991 (G) conducting educational seminars; and
- 992 (ii) to acquire new listings:
- 993 (A) solicit orders from the department; and
- 994 (B) submit to the department price lists and samples of the products of the
- 995 manufacturer, supplier, or importer;
- 996 (b) may not sell liquor within the state except to:
- 997 (i) the department; and
- 998 (ii) a military installation;
- 999 (c) may not ship or transport, or cause to be shipped or transported, liquor into this
- 1000 state or from one place to another within this state;
- 1001 (d) may not sell or furnish any liquor to any person within this state other than to:
- 1002 (i) the department; or
- 1003 (ii) a military installation;
- 1004 (e) except as otherwise provided, may not advertise a product the local industry
- 1005 representative licensee represents in violation of this title or any other federal or state law;
- 1006 (f) shall comply with the trade practices provided in Chapter 4, Part 7, Trade Practices
- 1007 Act; and
- 1008 (g) may only provide a sample of a product of the manufacturer, supplier, or importer
- 1009 for tasting and sampling purposes as provided in Section 32B-4-705 [~~by the department~~].
- 1010 (8) A local industry representative licensee may, to become educated as to the quality
- 1011 and characteristics of a liquor that the licensee represents, taste and analyze an industry
- 1012 representative sample under the conditions listed in this Subsection (8).
- 1013 (a) A local industry representative licensee may not receive more than two industry
- 1014 representative samples of a particular type, vintage, and production lot of a particular branded
- 1015 product within a consecutive 120-day period.
- 1016 (b) (i) An industry representative sample of liquor may not exceed one liter.
- 1017 (ii) Notwithstanding Subsection (8)(b)(i), an industry representative sample of the

1018 following may not exceed 1.5 liters unless that exact product is only commercially packaged in
1019 a larger size, not to exceed 5 liters:

1020 (A) wine;

1021 (B) heavy beer; or

1022 (C) a flavored malt beverage.

1023 (c) An industry representative sample may only be of a product not presently listed on
1024 the department's sales list.

1025 (d) (i) An industry representative sample shall be shipped:

1026 (A) prepaid by the manufacturer, supplier, or importer;

1027 (B) by common carrier and not via United States mail; and

1028 (C) directly to the department's central administrative warehouse office.

1029 (ii) An industry representative sample may not be shipped to any other location within
1030 the state.

1031 (e) An industry representative sample shall be accompanied by a letter from the
1032 manufacturer, supplier, or importer:

1033 (i) clearly identifying the product as an "industry representative sample"; and

1034 (ii) clearly stating:

1035 (A) the FOB case price of the product; and

1036 (B) the name of the local industry representative for whom it is intended.

1037 (f) The department shall assess a reasonable handling, labeling, and storage fee for
1038 each industry representative sample received.

1039 (g) The department shall affix to a container a label clearly identifying the product as
1040 an "industry representative sample."

1041 (h) The department shall:

1042 (i) account for and record each industry representative sample received;

1043 (ii) account for the industry representative sample's disposition; and

1044 (iii) maintain a record of the industry representative sample and its disposition for a
1045 two-year period.

1046 (i) An industry representative sample may not leave the premises of the department's
1047 central administrative warehouse office.

1048 (j) A local industry representative licensee's and a local industry representative

1049 licensee's staff may, at regularly scheduled days and times established by the department, taste
1050 and analyze one or more industry representative samples on the premises of the department's
1051 central administrative warehouse office.

1052 (k) The department shall destroy the unused contents of an opened product remaining
1053 after a product is sampled under controlled and audited conditions established by the
1054 department.

1055 (l) An industry representative sample that is not tasted within 30 days of receipt by the
1056 department shall be disposed of at the discretion of the department in one of the following
1057 ways:

1058 (i) the contents destroyed under controlled and audited conditions established by the
1059 department; or

1060 (ii) added to the inventory of the department for sale to the public.