TO ALL LICENSEES

As a licensee of the Utah Department of Alcoholic Beverage Services, you are required to be aware of the responsibilities, procedures, and potential liabilities regarding the sale and service of alcoholic beverages.

This handbook has been prepared to help you with the lawful handling of alcoholic beverages. Please review this information and keep the handbook available for reference. This version of the handbook is issued in June 2022. Previously issued handbooks should be discarded as they may contain outdated information.

Our website (www.abs.utah.gov) has information about the liquor laws and rules with direct links to the complete code and administrative rules, as well as information about stores and agencies, products and prices, server training, and other interesting links. The website is regularly updated. Please review the website for information and services as they are developed.

It is our responsibility and desire to be of service and assistance. If you have questions after consulting the handbook, please call 977-6800, write or e-mail (hotline@utah.gov) the compliance division of this department.
EQUITY AND FRATERNAL LICENSES

Allows the storage, sale, service, and consumption of alcoholic beverages on the premises of equity or fraternal organization.

Equity and Fraternal Licenses run from July 1st to June 30th. All license renewals are due by May 31st every year. The renewal fee is $2,000. License fees are not prorated, so full fees will be due even if a new license was issued at any time during the previous year.

Be prepared to renew licenses beginning May 1st through May 31st annually.
Equity & Fraternal Licenses are limited to the same quota as bars, based on state population.

There are three types of bar licenses. The bar, equity, and the fraternal. However, this handbook pertains specifically to the equity and the fraternal licensed establishments.

**Equity Licenses** are issued to establishments such as country clubs. An equity license must own, maintain, or operate a substantial recreational facility in conjunction with a clubhouse such as a golf course or a tennis facility.

At least 50% of the total membership must have an equal share of the equity or a right to redemption or refund at the equal value. If there is more than one class of membership, there must be at least one class that is entitled to an equal share of the equity or have a right to redemption or refund at the equal value.

**Fraternal Licenses** are mutual benefit associations organized under a lodge system with a supreme governing body, a representative form of government, and subordinate local lodges which meet monthly. Fraternal organizations must have no capital stock, exist solely for the benefit of its members and their beneficiaries, be organized as a lawful social, intellectual, educational, charitable, benevolent, moral, fraternal, patriotic, or religious purpose for the benefit of its members or the public. These activities are carried on through voluntary activity of its members in their local lodges. The local lodges must regularly engage in one or more programs involving member participation in the benefit purposes of their lodge and own or lease a building or space used for lodge activities.

**Operational Requirements**

An equity or fraternal licensee must:

- Be organized as an entity, operated solely for social, recreational, patriotic, or fraternal purposes
- Have members
- Limit access to its licensed premises to a member or a guest of the member
- Maintain a premise in which alcoholic products may be stored, sold, and consumed by a member or a guest of a member
BYLAWS AND HOUSE RULES

Equity and fraternal licensees must have and maintain bylaws or house rules and have a current copy of them on file with DABS. Any amendments to those records must also be filed with DABS.

Each equity or fraternal organization shall establish in its bylaws, membership application fees, and monthly membership dues in amounts determined by the organization.

Bylaws or house rules must be reasonable and consistent with the declared nature and purpose of the equity or fraternal and the purposes of the organization.

MEMBERSHIP

Equity and fraternal organizations, including employees, members, or anyone associated with the organization, may not, as part of an advertising or promotional scheme, offer to pay for any part of a membership for the general public. Other requirements are:

1. Have a governing body that consists of three or more members and holds regular meetings to:
   - Review membership applications
   - Conduct other business as required by the bylaws or house rules
   - Maintain a minute book that is updated regularly, containing the minutes of all meetings of the governing body

2. Admit an individual as a member-only on a written application signed by the person, subject to:
   - The person paying an application fee
   - An Investigation, vote, and approval by a quorum of the governing body

3. An equity or fraternal licensee must record:
   - Any admission of a member in the official minutes of a regular meeting of the governing body
   - Whether the applicant was approved or disapproved
   - File an application as a part of the official records
4. The spouse or minor child of a member has the rights and privileges of the member to the extent permitted by the bylaws or house rules, except to the extent restricted by statute.

5. An equity or fraternal licensee shall maintain a current list and complete membership records indicating:
   - The date of application of a proposed member
   - A member’s address
   - The date the governing body approved a member’s admission
   - The date the initiation fees and dues are assessed and paid
   - The serial number of the membership card issued to a member
   - When a member is removed or resigns

6. Bylaws or house rules should include provisions respecting the following:
   - Standards of eligibility for members
   - Limitation of members, consistent with the nature and purpose of the licensee
   - The period for which dues are paid, and the date when it expires
   - Provisions for removing a membership for the nonpayment of dues or other cause
   - Provisions for guests
   - Application fees and monthly membership dues in amounts determined by the club

**GUESTS**

An individual who is not a member or a guest of a member may not ever be admitted into or use the licensed premises of an equity or fraternal organization.

1. An equity or fraternal licensee may, at its discretion, allow an individual to be admitted to or use the licensed premises as a guest if:
   - It is permitted by the licensee’s bylaws or house rules
   - The individual has been previously authorized by a member who agrees to host the individual as a guest
   - A guest has only those privileges derived from their host for the duration of their visit
   - The staff of the equity licensee may not enter into an agreement or arrangement to indiscriminately host a member of the general public as a guest

2. An individual may be allowed as a guest without a host if:
   - The individual is a member of another equity or fraternal that has reciprocal guest privileges
   - The bylaws permit guests without a host
   - A minor may not be admitted as a guest without a host
**MINORS**

**A Minor May Not Be:**

- A member, officer, director, or trustee of an equity or fraternal licensee
- Admitted as a guest without a host
- Admitted into, use, or be in a lounge or bar area of the premises
- At the bar structure
- In any area in the immediate vicinity of the bar structure where the sale, service, display, and advertising of alcoholic beverages is emphasized
- In any area that is in the nature of or has the ambiance or atmosphere of a bar, parlor, lounge, cabaret, or nightclub

**A Minor May:**

- Who is otherwise permitted to be on the premises, momentarily pass through the club’s lounge or bar area en route to those areas of the club where the minor is permitted to be. However, no minor shall remain or be seated in the club’s bar or lounge area.

**SALES AND CONSUMPTION HOURS**

Alcoholic beverages may be sold on any day from 10:00 a.m. until 1:00 a.m. Consumption of alcohol is prohibited between the hours of 2 a.m. and 10 a.m. The bar in an equity or fraternal must remain open an extra hour after alcohol sales and service have ended to allow a patron to finish consuming a:

- Single drink containing spirituous liquor
- Single serving of wine not exceeding five ounces
- Single serving of heavy beer
- Single serving of beer not exceeding 26 ounces
- Single serving of a flavored malt beverage

Bars do not have to remain open after all patrons have vacated the premises, or during an emergency.
**PURCHASE OF ALCOHOL**

Spirits, wine, flavored malt beverages, and heavy beer must be purchased at a Utah state liquor store or package agency. Purchasing alcohol from outside of the state of Utah is unlawful.

**Procedures for ordering alcohol are as follows:**

The licensee must call, fax, or order online in advance of pickup to allow department personnel sufficient time to assemble the order. Include your business name, DABS license number, and list the products by code number.

*Please Note:* licensees may not buy merchandise directly off the shelves of a state store or package agency to fill their order.

**ALLOW AT LEAST 4 HOURS** for department personnel to assemble the order for pick-up.

When the order is complete, the licensee will be notified and given the total cost of the order. The licensee may pay for the product in cash, company check, credit card, or cashier’s check. You will have to examine and sign for the order before it leaves the store to verify that the product has been received.

**LIQUOR RETURNS**

Spirituous liquor may be returned by the licensee for the original purchase price if:

- The bottle has not been opened
- The seal remains intact
- The label remains intact
- The licensee produces the original receipt

**NOTE** – Returned orders that exceed $1,000 will require a restocking fee of 10%. All spirituous liquor returned that is based on a single purchase on a single receipt must be returned at the same time.

**WINE AND BEER MAY NOT BE RETURNED** . . . unless it can be shown that the product was spoiled or otherwise non-consumable at the time of purchase.
BEER PURCHASES

Beer must be purchased from beer distributors. Licensees must call and set up an account with the appropriate distributor for their area. A list of distributors may be found on the DABS website.

Beer may also be purchased from any licensed Utah small brewer that manufactures beer. However, bar licensees may not purchase beer from any other retail outlet (i.e. grocery or convenience stores, etc.) for resale at the licensed establishment.

ALCOHOL STORAGE

Alcohol may only be stored in a designated place approved by DABS on the initial application floor plan. Any changes to the storage area(s) must first be approved by DABS.

Storage or dispensing systems located at a patron’s table are prohibited.

NOTE: Liquor, wine, and heavy beer storage must remain locked at all times when alcohol sales are not permitted. However, the licensee may open the storage area during hours otherwise prohibited for the limited purpose of inventory, restocking, repair, and cleaning.

DISPLAY SIGNS

An equity or fraternal licensee must display:

- A Warning Sign - The template may be downloaded from our website.

The warning sign contains two messages, each of which must be in a different font. It may be used as-is or custom-made, but the size of the sign and the size of the fonts may not be any smaller than the template. The color of the print does not have to be red, and the sign does not have to be white, but it has to be easily readable and posted in a prominent place on the bar premises.

- DABS and local licenses also need to be posted in a prominent place.
EMPLOYEES

Any employee who sells, serves, dispenses, or handles beer must be twenty-one years of age or older.

- Servers of alcohol must wear a unique identification badge showing the employee’s first name, initials, or a number assigned by the employer and must be worn above the waist.
- Employees may not consume or be under the influence of alcoholic beverages while on duty.

TRAINING

SERVER TRAINING:

The Utah Division of Substance Abuse and Mental Health Server training is required for all owners, managers, supervisors, and employees who serve (or manage those who serve) alcohol. They must take and pass an alcohol server training seminar every three years and must complete the training within 30 days of commencing employment. Go to our website for information on state-approved training programs.

DABS MANAGER TRAINING:

EVERY MANAGER must complete the DABS “Manager Training Program” as a condition of obtaining their DABS license. Any new manager must take the training within 30 days of hire.

- A manager includes owners and employees that act in a supervisory or managerial capacity over the furnishing of an alcoholic product or the employees who serve alcoholic products.
- Training will be conducted by the DABS and the fee is $25 per manager.

EMPLOYEES CAN BE FINED FOR VIOLATIONS.

The commission is authorized to assess an administrative fine against an officer, employee, or agent of a licensee for a violation of the alcoholic beverage laws.

Please be careful off-duty owners or employees who have been drinking must not step back in and perform any on-duty type functions.

MINOR EMPLOYEES ARE NOT ALLOWED TO WORK IN THE BAR AREA

- Minors may not be employed on the premises of the bar area.
SALE AND SERVICE OF ALCOHOLIC BEVERAGES

Liquor Sales

The primary liquor in a mixed drink may be dispensed from any size bottle, but only in quantities not to exceed 1.5 ounces through a department-approved calibrated metered dispensing system or device.

Liquor used as a secondary flavoring need not be dispensed through the dispensing system.

Liquor stored and used as flavorings must be clearly labeled “flavoring.”

The total amount of spirituous liquor in a beverage (including both the primary liquor and any secondary flavorings) may not exceed 2.5 ounces of spirituous alcohol.

Wine Sales

Wine may be sold and served by the bottle or container in sizes not exceeding 1.5 liters (a Magnum) to tables of four or more.

For tables of less than four, the size of the bottle cannot be larger than 750 ml.

Wine may be sold and served by the glass or individual portion in quantities not exceeding 5 ounces. An individual portion may be served to a patron in more than one glass (as a flight) as long as the total amount of wine in all of the glasses does not exceed the individual portion size of 5 ounces. Wine may be poured by the glass from any size bottle or type of container and need not be dispensed through a dispensing device.

A patron who has purchased bottled wine may serve themselves or others (who are 21 or older) at the table.

Beer & Heavy Beer

Beer may be sold and served in any size container, not exceeding 2 liters, and on draft. However, a pitcher (larger than one liter and up to two liters) may only be sold to parties of two or more.

Beer may be sold to an individual patron, only in a container that does not exceed one liter. Beer flights may be sold to a patron as long as the total amount of beer does not exceed 16 ounces.

Flavored Malt Beverages

May be sold and served in an original container not exceeding one liter.
LIMITATION ON TOTAL # OF DRINKS

Each patron may only have two servings of an alcoholic beverage of any kind at a time. Two spirituous beverages may only contain a total of 2.5 ounces of liquor, including flavorings, between the two drinks and the second drink cannot be a shot of the same alcohol as the primary liquor in the first drink - no sidecars.

DISCOUNTING PRACTICES PROHIBITED

Alcoholic beverages may not be sold at a discount at any time. Other discounting practices are prohibited that encourage over-consumption of alcohol such as happy hours, two for one, all you can drink for a set price, free alcohol, or selling at less than cost. An equity or fraternal licensee or employee may not purchase an alcoholic beverage for a patron.

ADVERTISING

Signs advertising the availability of alcoholic beverages may be displayed.

PRICE LISTS

An equity or fraternal must have readily available for its patrons, a printed alcoholic beverage price list or menu containing current prices of all alcoholic beverages.

FOOD AVAILABILITY

An equity or fraternal shall have food available at all times when an alcoholic product is sold, offered for sale, furnished, or consumed on the licensed premises.
**RECORDKEEPING**

Licensees are required to keep current, detailed quarterly records for expenses and sales of alcohol and food. All records must be kept for a minimum of three years.

Dispensing liquor through an approved dispensing system is required for any licensee selling spirituous liquor.

Dispensing records must also be kept and matched daily to the sales records of all primary liquor beverages sold. Spills, miss-clicks, returned beverages, etc. must all be accounted for on a dispensing record. You may find dispensing forms on the DABS website, or you can formulate your own.

Remember, falsifying records is illegal.

**BROWN BAGGING**

Patrons may not bring in or store spirituous liquor, heavy beer, or beer on the premises. However, at the licensee’s discretion, a patron may bring in bottled wine for consumption on the premises.

- Wine brought in must be immediately delivered to a server or an employee of the bar.
- A wine service may then be performed, and patrons may serve themselves or others at the table.

**TEMPORARY CLOSURE OF MORE THAN 10 DAYS**

You MUST notify your compliance officer in writing if you are going to be closed for more than 10 days. Emergency closures may be granted by telephone. NOT DOING SO is an automatic forfeiture of the retail license. Failure to RE-OPEN by the approval date also results in automatic forfeiture.
BAD CHECKS

The DABS may immediately suspend the license if it receives a bad check as payment for liquor, licensing or bond fees, fines and costs for violations, etc. A fee will also be assessed for bad checks and the licensee will be required to pay the full amount and the fee.

PROHIBITED CONDUCT

- **LEWD ACTS** - attire, and sexually oriented conduct of employees and entertainers that are considered contrary to public welfare and morals are prohibited on the premises.

- **GAMBLING** - NO paying to play a game of chance to win money or a prize. Licensees may not engage in or permit any form of gambling on its premises including contests or gaming schemes that requires risking something of value for a chance of a return - including raffles, bingo, poker, etc.

- **ILLEGAL DRUGS** or drug paraphernalia - A retail licensee may not knowingly allow a person on the licensed premises to sell, distribute, possess, or use a controlled substance or use, deliver, or possess with the intent to deliver drug paraphernalia.