



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5108

Introduced 2/10/2026, by Rep. Kam Buckner

SYNOPSIS AS INTRODUCED:

235 ILCS 5/3-12

Amends the Liquor Control Act of 1934. Provides that the maximum fine that may be levied against any licensee shall not exceed \$20,000 per violation (instead of the maximum fine that may be levied against any licensee, for the period of the license, shall not exceed \$20,000). Makes a conforming change. Effective immediately.

LRB104 19995 RPS 33446 b

1 AN ACT concerning liquor.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Liquor Control Act of 1934 is amended by
5 changing Section 3-12 as follows:

6 (235 ILCS 5/3-12)

7 (Text of Section before amendment by P.A. 104-451)

8 Sec. 3-12. Powers and duties of State Commission.

9 (a) The State Commission shall have the following powers,
10 functions, and duties:

11 (1) To receive applications and to issue licenses to
12 manufacturers, foreign importers, importing distributors,
13 distributors, non-resident dealers, on premise consumption
14 retailers, off premise sale retailers, special event
15 retailer licensees, special use permit licenses, auction
16 liquor licenses, brew pubs, caterer retailers,
17 non-beverage users, railroads, including owners and
18 lessees of sleeping, dining and cafe cars, airplanes,
19 boats, brokers, and wine maker's premises licensees in
20 accordance with the provisions of this Act, and to suspend
21 or revoke such licenses upon the State Commission's
22 determination, upon notice after hearing, that a licensee
23 has violated any provision of this Act or any rule or

1 regulation issued pursuant thereto and in effect for 30
2 days prior to such violation. Except in the case of an
3 action taken pursuant to a violation of Section 6-3, 6-5,
4 or 6-9, any action by the State Commission to suspend or
5 revoke a licensee's license may be limited to the license
6 for the specific premises where the violation occurred. An
7 action for a violation of this Act shall be commenced by
8 the State Commission within 2 years after the date the
9 State Commission becomes aware of the violation.

10 In lieu of suspending or revoking a license, the
11 commission may impose a fine, upon the State Commission's
12 determination and notice after hearing, that a licensee
13 has violated any provision of this Act or any rule or
14 regulation issued pursuant thereto and in effect for 30
15 days prior to such violation.

16 For the purpose of this paragraph (1), when
17 determining multiple violations for the sale of alcohol to
18 a person under the age of 21, a second or subsequent
19 violation for the sale of alcohol to a person under the age
20 of 21 shall only be considered if it was committed within 5
21 years after the date when a prior violation for the sale of
22 alcohol to a person under the age of 21 was committed.

23 ~~The fine imposed under this paragraph may not exceed~~
24 ~~\$500 for each violation.~~ Each day that the activity, which
25 gave rise to the original fine, continues is a separate
26 violation. The maximum fine that may be levied against any

1 licensee, ~~for the period of the license,~~ shall not exceed
2 \$20,000 per violation. The maximum penalty that may be
3 imposed on a licensee for selling a bottle of alcoholic
4 liquor with a foreign object in it or serving from a bottle
5 of alcoholic liquor with a foreign object in it shall be
6 the destruction of that bottle of alcoholic liquor for the
7 first 10 bottles so sold or served from by the licensee.
8 For the eleventh bottle of alcoholic liquor and for each
9 third bottle thereafter sold or served from by the
10 licensee with a foreign object in it, the maximum penalty
11 that may be imposed on the licensee is the destruction of
12 the bottle of alcoholic liquor and a fine of up to \$50.

13 Any notice issued by the State Commission to a
14 licensee for a violation of this Act or any notice with
15 respect to settlement or offer in compromise shall include
16 the field report, photographs, and any other supporting
17 documentation necessary to reasonably inform the licensee
18 of the nature and extent of the violation or the conduct
19 alleged to have occurred. The failure to include such
20 required documentation shall result in the dismissal of
21 the action.

22 (2) To adopt such rules and regulations consistent
23 with the provisions of this Act which shall be necessary
24 to carry on its functions and duties to the end that the
25 health, safety and welfare of the People of the State of
26 Illinois shall be protected and temperance in the

1 consumption of alcoholic liquors shall be fostered and
2 promoted and to distribute copies of such rules and
3 regulations to all licensees affected thereby.

4 (3) To call upon other administrative departments of
5 the State, county and municipal governments, county and
6 city police departments and upon prosecuting officers for
7 such information and assistance as it deems necessary in
8 the performance of its duties.

9 (4) To recommend to local commissioners rules and
10 regulations, not inconsistent with the law, for the
11 distribution and sale of alcoholic liquors throughout the
12 State.

13 (5) To inspect, or cause to be inspected, any premises
14 in this State where alcoholic liquors are manufactured,
15 distributed, warehoused, or sold. Nothing in this Act
16 authorizes an agent of the State Commission to inspect
17 private areas within the premises without reasonable
18 suspicion or a warrant during an inspection. "Private
19 areas" include, but are not limited to, safes, personal
20 property, and closed desks.

21 (5.1) Upon receipt of a complaint or upon having
22 knowledge that any person is engaged in business as a
23 manufacturer, importing distributor, distributor, or
24 retailer without a license or valid license, to conduct an
25 investigation. If, after conducting an investigation, the
26 State Commission is satisfied that the alleged conduct

1 occurred or is occurring, it may issue a cease and desist
2 notice as provided in this Act, impose civil penalties as
3 provided in this Act, notify the local liquor authority,
4 or file a complaint with the State's Attorney's Office of
5 the county where the incident occurred or the Attorney
6 General.

7 (5.2) Upon receipt of a complaint or upon having
8 knowledge that any person is shipping alcoholic liquor
9 into this State from a point outside of this State if the
10 shipment is in violation of this Act, to conduct an
11 investigation. If, after conducting an investigation, the
12 State Commission is satisfied that the alleged conduct
13 occurred or is occurring, it may issue a cease and desist
14 notice as provided in this Act, impose civil penalties as
15 provided in this Act, notify the foreign jurisdiction, or
16 file a complaint with the State's Attorney's Office of the
17 county where the incident occurred or the Attorney
18 General.

19 (5.3) To receive complaints from licensees, local
20 officials, law enforcement agencies, organizations, and
21 persons stating that any licensee has been or is violating
22 any provision of this Act or the rules and regulations
23 issued pursuant to this Act. Such complaints shall be in
24 writing, signed and sworn to by the person making the
25 complaint, and shall state with specificity the facts in
26 relation to the alleged violation. If the State Commission

1 has reasonable grounds to believe that the complaint
2 substantially alleges a violation of this Act or rules and
3 regulations adopted pursuant to this Act, it shall conduct
4 an investigation. If, after conducting an investigation,
5 the State Commission is satisfied that the alleged
6 violation did occur, it shall proceed with disciplinary
7 action against the licensee as provided in this Act.

8 (5.4) To make arrests and issue notices of civil
9 violations where necessary for the enforcement of this
10 Act.

11 (5.5) To investigate any and all unlicensed activity.

12 (5.6) To impose civil penalties or fines to any person
13 who, without holding a valid license, engages in conduct
14 that requires a license pursuant to this Act, in an amount
15 not to exceed \$20,000 for each offense as determined by
16 the State Commission. A civil penalty shall be assessed by
17 the State Commission after a hearing is held in accordance
18 with the provisions set forth in this Act regarding the
19 provision of a hearing for the revocation or suspension of
20 a license.

21 (6) To hear and determine appeals from orders of a
22 local commission in accordance with the provisions of this
23 Act, as hereinafter set forth. Hearings under this
24 subsection shall be held in Springfield or Chicago, at
25 whichever location is the more convenient for the majority
26 of persons who are parties to the hearing.

1 (7) The State Commission shall establish uniform
2 systems of accounts to be kept by all retail licensees
3 having more than 4 employees, and for this purpose the
4 State Commission may classify all retail licensees having
5 more than 4 employees and establish a uniform system of
6 accounts for each class and prescribe the manner in which
7 such accounts shall be kept. The State Commission may also
8 prescribe the forms of accounts to be kept by all retail
9 licensees having more than 4 employees, including, but not
10 limited to, accounts of earnings and expenses and any
11 distribution, payment, or other distribution of earnings
12 or assets, and any other forms, records, and memoranda
13 which in the judgment of the commission may be necessary
14 or appropriate to carry out any of the provisions of this
15 Act, including, but not limited to, such forms, records,
16 and memoranda as will readily and accurately disclose at
17 all times the beneficial ownership of such retail licensed
18 business. The accounts, forms, records, and memoranda
19 shall be available at all reasonable times for inspection
20 by authorized representatives of the State Commission or
21 by any local liquor control commissioner or his or her
22 authorized representative. The commission may, from time
23 to time, alter, amend, or repeal, in whole or in part, any
24 uniform system of accounts, or the form and manner of
25 keeping accounts.

26 (8) In the conduct of any hearing authorized to be

1 held by the State Commission, to appoint, at the
2 commission's discretion, hearing officers to conduct
3 hearings involving complex issues or issues that will
4 require a protracted period of time to resolve, to
5 examine, or cause to be examined, under oath, any
6 licensee, and to examine or cause to be examined the books
7 and records of such licensee; to hear testimony and take
8 proof material for its information in the discharge of its
9 duties hereunder; to administer or cause to be
10 administered oaths; for any such purpose to issue subpoena
11 or subpoenas to require the attendance of witnesses and
12 the production of books, which shall be effective in any
13 part of this State, and to adopt rules to implement its
14 powers under this paragraph (8).

15 Any circuit court may, by order duly entered, require
16 the attendance of witnesses and the production of relevant
17 books subpoenaed by the State Commission and the court may
18 compel obedience to its order by proceedings for contempt.

19 (9) To investigate the administration of laws in
20 relation to alcoholic liquors in this and other states and
21 any foreign countries, and to recommend from time to time
22 to the Governor and through him or her to the legislature
23 of this State, such amendments to this Act, if any, as it
24 may think desirable and as will serve to further the
25 general broad purposes contained in Section 1-2 hereof.

26 (10) To adopt such rules and regulations consistent

1 with the provisions of this Act which shall be necessary
2 for the control, sale, or disposition of alcoholic liquor
3 damaged as a result of an accident, wreck, flood, fire, or
4 other similar occurrence.

5 (11) To develop industry educational programs related
6 to responsible serving and selling, particularly in the
7 areas of overserving consumers and illegal underage
8 purchasing and consumption of alcoholic beverages.

9 (11.1) To license persons providing education and
10 training to alcohol beverage sellers and servers for
11 mandatory and non-mandatory training under the Beverage
12 Alcohol Sellers and Servers Education and Training
13 (BASSET) programs and to develop and administer a public
14 awareness program in Illinois to reduce or eliminate the
15 illegal purchase and consumption of alcoholic beverage
16 products by persons under the age of 21. Application for a
17 license shall be made on forms provided by the State
18 Commission.

19 (12) To develop and maintain a repository of license
20 and regulatory information.

21 (13) (Blank).

22 (14) On or before April 30, 2008 and every 2 years
23 thereafter, the State Commission shall present a written
24 report to the Governor and the General Assembly that shall
25 be based on a study of the impact of Public Act 95-634 on
26 the business of soliciting, selling, and shipping wine

1 from inside and outside of this State directly to
2 residents of this State. As part of its report, the State
3 Commission shall provide all of the following information:

4 (A) The amount of State excise and sales tax
5 revenues generated.

6 (B) The amount of licensing fees received.

7 (C) The number of cases of wine shipped from
8 inside and outside of this State directly to residents
9 of this State.

10 (D) The number of alcohol compliance operations
11 conducted.

12 (E) The number of winery shipper's licenses
13 issued.

14 (F) The number of each of the following: reported
15 violations; cease and desist notices issued by the
16 Commission; notices of violations issued by the
17 Commission and to the Department of Revenue; and
18 notices and complaints of violations to law
19 enforcement officials, including, without limitation,
20 the Illinois Attorney General and the U.S. Department
21 of Treasury's Alcohol and Tobacco Tax and Trade
22 Bureau.

23 (15) As a means to reduce the underage consumption of
24 alcoholic liquors, the State Commission shall conduct
25 alcohol compliance operations to investigate whether
26 businesses that are soliciting, selling, and shipping wine

1 from inside or outside of this State directly to residents
2 of this State are licensed by this State or are selling or
3 attempting to sell wine to persons under 21 years of age in
4 violation of this Act.

5 (16) The State Commission shall, in addition to
6 notifying any appropriate law enforcement agency, submit
7 notices of complaints or violations of Sections 6-29 and
8 6-29.1 by persons who do not hold a winery shipper's
9 license under this Act to the Illinois Attorney General
10 and to the U.S. Department of Treasury's Alcohol and
11 Tobacco Tax and Trade Bureau.

12 (17) (A) A person licensed to make wine under the laws
13 of another state who has a winery shipper's license under
14 this Act and annually produces less than 25,000 gallons of
15 wine or a person who has a first-class or second-class
16 wine manufacturer's license, a first-class or second-class
17 wine-maker's license, or a limited wine manufacturer's
18 license under this Act and annually produces less than
19 25,000 gallons of wine may make application to the
20 Commission for a self-distribution exemption to allow the
21 sale of not more than 5,000 gallons of the exemption
22 holder's wine to retail licensees per year and to sell
23 cider, mead, or both cider and mead to brewers, class 1
24 brewers, class 2 brewers, and class 3 brewers that,
25 pursuant to subsection (e) of Section 6-4 of this Act,
26 sell beer, cider, mead, or any combination thereof to

1 non-licensees at their breweries.

2 (B) In the application, which shall be sworn under
3 penalty of perjury, such person shall state (1) the date
4 it was established; (2) its volume of production and sales
5 for each year since its establishment; (3) its efforts to
6 establish distributor relationships; (4) that a
7 self-distribution exemption is necessary to facilitate the
8 marketing of its wine; and (5) that it will comply with the
9 liquor and revenue laws of the United States, this State,
10 and any other state where it is licensed.

11 (C) The State Commission shall approve the application
12 for a self-distribution exemption if such person: (1) is
13 in compliance with State revenue and liquor laws; (2) is
14 not a member of any affiliated group that produces
15 directly or indirectly more than 25,000 gallons of wine
16 per annum, 930,000 gallons of beer per annum, or 50,000
17 gallons of spirits per annum; (3) will not annually
18 produce for sale more than 25,000 gallons of wine, 930,000
19 gallons of beer, or 50,000 gallons of spirits; and (4)
20 will not annually sell more than 5,000 gallons of its wine
21 to retail licensees.

22 (D) A self-distribution exemption holder shall
23 annually certify to the State Commission its production of
24 wine in the previous 12 months and its anticipated
25 production and sales for the next 12 months. The State
26 Commission may fine, suspend, or revoke a

1 self-distribution exemption after a hearing if it finds
2 that the exemption holder has made a material
3 misrepresentation in its application, violated a revenue
4 or liquor law of Illinois, exceeded production of 25,000
5 gallons of wine, 930,000 gallons of beer, or 50,000
6 gallons of spirits in any calendar year, or become part of
7 an affiliated group producing more than 25,000 gallons of
8 wine, 930,000 gallons of beer, or 50,000 gallons of
9 spirits.

10 (E) Except in hearings for violations of this Act or
11 Public Act 95-634 or a bona fide investigation by duly
12 sworn law enforcement officials, the State Commission, or
13 its agents, the State Commission shall maintain the
14 production and sales information of a self-distribution
15 exemption holder as confidential and shall not release
16 such information to any person.

17 (F) The State Commission shall issue regulations
18 governing self-distribution exemptions consistent with
19 this Section and this Act.

20 (G) Nothing in this paragraph (17) shall prohibit a
21 self-distribution exemption holder from entering into or
22 simultaneously having a distribution agreement with a
23 licensed Illinois distributor.

24 (H) It is the intent of this paragraph (17) to promote
25 and continue orderly markets. The General Assembly finds
26 that, in order to preserve Illinois' regulatory

1 distribution system, it is necessary to create an
2 exception for smaller makers of wine as their wines are
3 frequently adjusted in varietals, mixes, vintages, and
4 taste to find and create market niches sometimes too small
5 for distributor or importing distributor business
6 strategies. Limited self-distribution rights will afford
7 and allow smaller makers of wine access to the marketplace
8 in order to develop a customer base without impairing the
9 integrity of the 3-tier system.

10 (18) (A) A class 1 brewer licensee, who must also be
11 either a licensed brewer or licensed non-resident dealer
12 and annually manufacture less than 930,000 gallons of
13 beer, may make application to the State Commission for a
14 self-distribution exemption to allow the sale of not more
15 than 232,500 gallons per year of the exemption holder's
16 beer to retail licensees and to brewers, class 1 brewers,
17 and class 2 brewers that, pursuant to subsection (e) of
18 Section 6-4 of this Act, sell beer, cider, mead, or any
19 combination thereof to non-licensees at their breweries.

20 (B) In the application, which shall be sworn under
21 penalty of perjury, the class 1 brewer licensee shall
22 state (1) the date it was established; (2) its volume of
23 beer manufactured and sold for each year since its
24 establishment; (3) its efforts to establish distributor
25 relationships; (4) that a self-distribution exemption is
26 necessary to facilitate the marketing of its beer; and (5)

1 that it will comply with the alcoholic beverage and
2 revenue laws of the United States, this State, and any
3 other state where it is licensed.

4 (C) Any application submitted shall be posted on the
5 State Commission's website at least 45 days prior to
6 action by the State Commission. The State Commission shall
7 approve the application for a self-distribution exemption
8 if the class 1 brewer licensee: (1) is in compliance with
9 the State, revenue, and alcoholic beverage laws; (2) is
10 not a member of any affiliated group that manufactures,
11 directly or indirectly, more than 930,000 gallons of beer
12 per annum, 25,000 gallons of wine per annum, or 50,000
13 gallons of spirits per annum; (3) shall not annually
14 manufacture for sale more than 930,000 gallons of beer,
15 25,000 gallons of wine, or 50,000 gallons of spirits; (4)
16 shall not annually sell more than 232,500 gallons of its
17 beer to retail licensees and class 3 brewers and to
18 brewers, class 1 brewers, and class 2 brewers that,
19 pursuant to subsection (e) of Section 6-4 of this Act,
20 sell beer, cider, mead, or any combination thereof to
21 non-licensees at their breweries; and (5) has relinquished
22 any brew pub license held by the licensee, including any
23 ownership interest it held in the licensed brew pub.

24 (D) A self-distribution exemption holder shall
25 annually certify to the State Commission its manufacture
26 of beer during the previous 12 months and its anticipated

1 manufacture and sales of beer for the next 12 months. The
2 State Commission may fine, suspend, or revoke a
3 self-distribution exemption after a hearing if it finds
4 that the exemption holder has made a material
5 misrepresentation in its application, violated a revenue
6 or alcoholic beverage law of Illinois, exceeded the
7 manufacture of 930,000 gallons of beer, 25,000 gallons of
8 wine, or 50,000 gallons of spirits in any calendar year or
9 became part of an affiliated group manufacturing more than
10 930,000 gallons of beer, 25,000 gallons of wine, or 50,000
11 gallons of spirits.

12 (E) The State Commission shall issue rules and
13 regulations governing self-distribution exemptions
14 consistent with this Act.

15 (F) Nothing in this paragraph (18) shall prohibit a
16 self-distribution exemption holder from entering into or
17 simultaneously having a distribution agreement with a
18 licensed Illinois importing distributor or a distributor.
19 If a self-distribution exemption holder enters into a
20 distribution agreement and has assigned distribution
21 rights to an importing distributor or distributor, then
22 the self-distribution exemption holder's distribution
23 rights in the assigned territories shall cease in a
24 reasonable time not to exceed 60 days.

25 (G) It is the intent of this paragraph (18) to promote
26 and continue orderly markets. The General Assembly finds

1 that in order to preserve Illinois' regulatory
2 distribution system, it is necessary to create an
3 exception for smaller manufacturers in order to afford and
4 allow such smaller manufacturers of beer access to the
5 marketplace in order to develop a customer base without
6 impairing the integrity of the 3-tier system.

7 (19) (A) A class 1 craft distiller licensee or a
8 non-resident dealer who manufactures less than 50,000
9 gallons of distilled spirits per year may make application
10 to the State Commission for a self-distribution exemption
11 to allow the sale of not more than 5,000 gallons of the
12 exemption holder's spirits to retail licensees per year.

13 (B) In the application, which shall be sworn under
14 penalty of perjury, the class 1 craft distiller licensee
15 or non-resident dealer shall state (1) the date it was
16 established; (2) its volume of spirits manufactured and
17 sold for each year since its establishment; (3) its
18 efforts to establish distributor relationships; (4) that a
19 self-distribution exemption is necessary to facilitate the
20 marketing of its spirits; and (5) that it will comply with
21 the alcoholic beverage and revenue laws of the United
22 States, this State, and any other state where it is
23 licensed.

24 (C) Any application submitted shall be posted on the
25 State Commission's website at least 45 days prior to
26 action by the State Commission. The State Commission shall

1 approve the application for a self-distribution exemption
2 if the applicant: (1) is in compliance with State revenue
3 and alcoholic beverage laws; (2) is not a member of any
4 affiliated group that produces more than 50,000 gallons of
5 spirits per annum, 930,000 gallons of beer per annum, or
6 25,000 gallons of wine per annum; (3) does not annually
7 manufacture for sale more than 50,000 gallons of spirits,
8 930,000 gallons of beer, or 25,000 gallons of wine; and
9 (4) does not annually sell more than 5,000 gallons of its
10 spirits to retail licensees.

11 (D) A self-distribution exemption holder shall
12 annually certify to the State Commission its manufacture
13 of spirits during the previous 12 months and its
14 anticipated manufacture and sales of spirits for the next
15 12 months. The State Commission may fine, suspend, or
16 revoke a self-distribution exemption after a hearing if it
17 finds that the exemption holder has made a material
18 misrepresentation in its application, violated a revenue
19 or alcoholic beverage law of Illinois, exceeded the
20 manufacture of 50,000 gallons of spirits, 930,000 gallons
21 of beer, or 25,000 gallons of wine in any calendar year, or
22 has become part of an affiliated group manufacturing more
23 than 50,000 gallons of spirits, 930,000 gallons of beer,
24 or 25,000 gallons of wine.

25 (E) The State Commission shall adopt rules governing
26 self-distribution exemptions consistent with this Act.

1 (F) Nothing in this paragraph (19) shall prohibit a
2 self-distribution exemption holder from entering into or
3 simultaneously having a distribution agreement with a
4 licensed Illinois importing distributor or a distributor.

5 (G) It is the intent of this paragraph (19) to promote
6 and continue orderly markets. The General Assembly finds
7 that in order to preserve Illinois' regulatory
8 distribution system, it is necessary to create an
9 exception for smaller manufacturers in order to afford and
10 allow such smaller manufacturers of spirits access to the
11 marketplace in order to develop a customer base without
12 impairing the integrity of the 3-tier system.

13 (20) (A) A class 3 brewer licensee who must manufacture
14 less than 465,000 gallons of beer in the aggregate and not
15 more than 155,000 gallons at any single brewery premises
16 may make application to the State Commission for a
17 self-distribution exemption to allow the sale of not more
18 than 6,200 gallons of beer from each in-state or
19 out-of-state class 3 brewery premises, which shall not
20 exceed 18,600 gallons annually in the aggregate, that is
21 manufactured at a wholly owned class 3 brewer's in-state
22 or out-of-state licensed premises to retail licensees and
23 class 3 brewers and to brewers, class 1 brewers, class 2
24 brewers that, pursuant to subsection (e) of Section 6-4,
25 sell beer, cider, or both beer and cider to non-licensees
26 at their licensed breweries.

1 (B) In the application, which shall be sworn under
2 penalty of perjury, the class 3 brewer licensee shall
3 state:

4 (1) the date it was established;

5 (2) its volume of beer manufactured and sold for
6 each year since its establishment;

7 (3) its efforts to establish distributor
8 relationships;

9 (4) that a self-distribution exemption is
10 necessary to facilitate the marketing of its beer; and

11 (5) that it will comply with the alcoholic
12 beverage and revenue laws of the United States, this
13 State, and any other state where it is licensed.

14 (C) Any application submitted shall be posted on the
15 State Commission's website at least 45 days before action
16 by the State Commission. The State Commission shall
17 approve the application for a self-distribution exemption
18 if the class 3 brewer licensee: (1) is in compliance with
19 the State, revenue, and alcoholic beverage laws; (2) is
20 not a member of any affiliated group that manufacturers,
21 directly or indirectly, more than 465,000 gallons of beer
22 per annum; (3) shall not annually manufacture for sale
23 more than 465,000 gallons of beer or more than 155,000
24 gallons at any single brewery premises; and (4) shall not
25 annually sell more than 6,200 gallons of beer from each
26 in-state or out-of-state class 3 brewery premises, and

1 shall not exceed 18,600 gallons annually in the aggregate,
2 to retail licensees and class 3 brewers and to brewers,
3 class 1 brewers, and class 2 brewers that, pursuant to
4 subsection (e) of Section 6-4 of this Act, sell beer,
5 cider, or both beer and cider to non-licensees at their
6 breweries.

7 (D) A self-distribution exemption holder shall
8 annually certify to the State Commission its manufacture
9 of beer during the previous 12 months and its anticipated
10 manufacture and sales of beer for the next 12 months. The
11 State Commission may fine, suspend, or revoke a
12 self-distribution exemption after a hearing if it finds
13 that the exemption holder has made a material
14 misrepresentation in its application, violated a revenue
15 or alcoholic beverage law of Illinois, exceeded the
16 manufacture of 465,000 gallons of beer in any calendar
17 year or became part of an affiliated group manufacturing
18 more than 465,000 gallons of beer, or exceeded the sale to
19 retail licensees, brewers, class 1 brewers, class 2
20 brewers, and class 3 brewers of 6,200 gallons per brewery
21 location or 18,600 gallons in the aggregate.

22 (E) The State Commission may adopt rules governing
23 self-distribution exemptions consistent with this Act.

24 (F) Nothing in this paragraph shall prohibit a
25 self-distribution exemption holder from entering into or
26 simultaneously having a distribution agreement with a

1 licensed Illinois importing distributor or a distributor.
2 If a self-distribution exemption holder enters into a
3 distribution agreement and has assigned distribution
4 rights to an importing distributor or distributor, then
5 the self-distribution exemption holder's distribution
6 rights in the assigned territories shall cease in a
7 reasonable time not to exceed 60 days.

8 (G) It is the intent of this paragraph to promote and
9 continue orderly markets. The General Assembly finds that
10 in order to preserve Illinois' regulatory distribution
11 system, it is necessary to create an exception for smaller
12 manufacturers in order to afford and allow such smaller
13 manufacturers of beer access to the marketplace in order
14 to develop a customer base without impairing the integrity
15 of the 3-tier system.

16 (b) On or before April 30, 1999, the Commission shall
17 present a written report to the Governor and the General
18 Assembly that shall be based on a study of the impact of Public
19 Act 90-739 on the business of soliciting, selling, and
20 shipping alcoholic liquor from outside of this State directly
21 to residents of this State.

22 As part of its report, the Commission shall provide the
23 following information:

24 (i) the amount of State excise and sales tax revenues
25 generated as a result of Public Act 90-739;

26 (ii) the amount of licensing fees received as a result

1 of Public Act 90-739;

2 (iii) the number of reported violations, the number of
3 cease and desist notices issued by the Commission, the
4 number of notices of violations issued to the Department
5 of Revenue, and the number of notices and complaints of
6 violations to law enforcement officials.

7 (Source: P.A. 101-37, eff. 7-3-19; 101-81, eff. 7-12-19;
8 101-482, eff. 8-23-19; 102-442, eff. 8-20-21; 102-558, eff.
9 8-20-21; 102-813, eff. 5-13-22.)

10 (Text of Section after amendment by P.A. 104-451)

11 Sec. 3-12. Powers and duties of State Commission.

12 (a) The State Commission shall have the following powers,
13 functions, and duties:

14 (1) To receive applications and to issue licenses to
15 manufacturers, foreign importers, importing distributors,
16 distributors, non-resident dealers, on premise consumption
17 retailers, off premise sale retailers, special event
18 retailer licensees, special use permit licenses, auction
19 liquor licenses, brew pubs, caterer retailers,
20 non-beverage users, railroads, including owners and
21 lessees of sleeping, dining, and cafe cars, airplanes,
22 boats, brokers, and wine maker's premises licensees in
23 accordance with the provisions of this Act, and to suspend
24 or revoke such licenses upon the State Commission's
25 determination, upon notice after hearing, that a licensee

1 has violated any provision of this Act or any rule or
2 regulation issued pursuant thereto and in effect for 30
3 days prior to such violation. Except in the case of an
4 action taken pursuant to a violation of Section 6-3, 6-5,
5 or 6-9, any action by the State Commission to suspend or
6 revoke a licensee's license may be limited to the license
7 for the specific premises where the violation occurred. An
8 action for a violation of this Act shall be commenced by
9 the State Commission within 2 years after the date the
10 State Commission becomes aware of the violation.

11 In lieu of suspending or revoking a license, the State
12 Commission may impose a fine, upon the State Commission's
13 determination and notice after hearing, that a licensee
14 has violated any provision of this Act or any rule or
15 regulation issued pursuant thereto and in effect for 30
16 days prior to such violation.

17 For the purpose of this paragraph (1), when
18 determining multiple violations for the sale of alcohol to
19 a person under the age of 21, a second or subsequent
20 violation for the sale of alcohol to a person under the age
21 of 21 shall only be considered if it was committed within 5
22 years after the date when a prior violation for the sale of
23 alcohol to a person under the age of 21 was committed.

24 ~~The fine imposed under this paragraph may not exceed~~
25 ~~\$500 for each violation.~~ Each day that the activity, which
26 gave rise to the original fine, continues is a separate

1 violation. The maximum fine that may be levied against any
2 licensee, ~~for the period of the license,~~ shall not exceed
3 \$20,000 per violation. The maximum penalty that may be
4 imposed on a licensee for selling a bottle of alcoholic
5 liquor with a foreign object in it or serving from a bottle
6 of alcoholic liquor with a foreign object in it shall be
7 the destruction of that bottle of alcoholic liquor for the
8 first 10 bottles so sold or served from by the licensee.
9 For the eleventh bottle of alcoholic liquor and for each
10 third bottle thereafter sold or served from by the
11 licensee with a foreign object in it, the maximum penalty
12 that may be imposed on the licensee is the destruction of
13 the bottle of alcoholic liquor and a fine of up to \$50.

14 Any notice issued by the State Commission to a
15 licensee for a violation of this Act or any notice with
16 respect to settlement or offer in compromise shall include
17 the field report, photographs, and any other supporting
18 documentation necessary to reasonably inform the licensee
19 of the nature and extent of the violation or the conduct
20 alleged to have occurred. The failure to include such
21 required documentation shall result in the dismissal of
22 the action.

23 (2) To adopt such rules and regulations consistent
24 with the provisions of this Act which shall be necessary
25 to carry on its functions and duties to the end that the
26 health, safety, and welfare of the People of the State of

1 Illinois shall be protected and temperance in the
2 consumption of alcoholic liquors shall be fostered and
3 promoted and to distribute copies of such rules and
4 regulations to all licensees affected thereby.

5 (3) To call upon other administrative departments of
6 the State, county and municipal governments, county and
7 city police departments, and prosecuting officers for such
8 information and assistance as it deems necessary in the
9 performance of its duties.

10 (4) To recommend to local commissioners rules and
11 regulations, not inconsistent with the law, for the
12 distribution and sale of alcoholic liquors throughout the
13 State.

14 (5) To inspect, or cause to be inspected, any premises
15 in this State where alcoholic liquors are manufactured,
16 distributed, warehoused, or sold. Nothing in this Act
17 authorizes an agent of the State Commission to inspect
18 private areas within the premises without reasonable
19 suspicion or a warrant during an inspection. "Private
20 areas" includes, but is not limited to, safes, personal
21 property, and closed desks.

22 (5.1) Upon receipt of a complaint or upon having
23 knowledge that any person is engaged in business as a
24 manufacturer, importing distributor, distributor, or
25 retailer without a license or valid license, to conduct an
26 investigation. If, after conducting an investigation, the

1 State Commission is satisfied that the alleged conduct
2 occurred or is occurring, it may issue a cease and desist
3 notice as provided in this Act, impose civil penalties as
4 provided in this Act, notify the local liquor authority,
5 or file a complaint with the State's Attorney's Office of
6 the county where the incident occurred or the Attorney
7 General.

8 (5.2) Upon receipt of a complaint or upon having
9 knowledge that any person is shipping alcoholic liquor
10 into this State from a point outside of this State if the
11 shipment is in violation of this Act, to conduct an
12 investigation. If, after conducting an investigation, the
13 State Commission is satisfied that the alleged conduct
14 occurred or is occurring, it may issue a cease and desist
15 notice as provided in this Act, impose civil penalties as
16 provided in this Act, notify the foreign jurisdiction, or
17 file a complaint with the State's Attorney's Office of the
18 county where the incident occurred or the Attorney
19 General.

20 (5.3) To receive complaints from licensees, local
21 officials, law enforcement agencies, organizations, and
22 persons stating that any licensee has been or is violating
23 any provision of this Act or the rules and regulations
24 issued pursuant to this Act. Such complaints shall be in
25 writing, signed and sworn to by the person making the
26 complaint, and shall state with specificity the facts in

1 relation to the alleged violation. If the State Commission
2 has reasonable grounds to believe that the complaint
3 substantially alleges a violation of this Act or rules and
4 regulations adopted pursuant to this Act, it shall conduct
5 an investigation. If, after conducting an investigation,
6 the State Commission is satisfied that the alleged
7 violation did occur, it shall proceed with disciplinary
8 action against the licensee as provided in this Act.

9 (5.4) To make arrests and issue notices of civil
10 violations where necessary for the enforcement of this
11 Act.

12 (5.5) To investigate any and all unlicensed activity.

13 (5.6) To impose civil penalties or fines to any person
14 who, without holding a valid license, engages in conduct
15 that requires a license pursuant to this Act, in an amount
16 not to exceed \$20,000 for each offense as determined by
17 the State Commission. A civil penalty shall be assessed by
18 the State Commission after a hearing is held in accordance
19 with the provisions set forth in this Act regarding the
20 provision of a hearing for the revocation or suspension of
21 a license.

22 (6) To hear and determine appeals from orders of a
23 local commission in accordance with the provisions of this
24 Act, as hereinafter set forth. Hearings under this
25 subsection shall be held in Springfield or Chicago, at
26 whichever location is the more convenient for the majority

1 of persons who are parties to the hearing.

2 (7) The State Commission shall establish uniform
3 systems of accounts to be kept by all retail licensees
4 having more than 4 employees, and, for this purpose, the
5 State Commission may classify all retail licensees having
6 more than 4 employees and establish a uniform system of
7 accounts for each class and prescribe the manner in which
8 such accounts shall be kept. The State Commission may also
9 prescribe the forms of accounts to be kept by all retail
10 licensees having more than 4 employees, including, but not
11 limited to, accounts of earnings and expenses and any
12 distribution, payment, or other distribution of earnings
13 or assets, and any other forms, records, and memoranda
14 which in the judgment of the State Commission may be
15 necessary or appropriate to carry out any of the
16 provisions of this Act, including, but not limited to,
17 such forms, records, and memoranda as will readily and
18 accurately disclose at all times the beneficial ownership
19 of such retail licensed business. The accounts, forms,
20 records, and memoranda shall be available at all
21 reasonable times for inspection by authorized
22 representatives of the State Commission or by any local
23 liquor control commissioner or his or her authorized
24 representative. The State Commission may, from time to
25 time, alter, amend, or repeal, in whole or in part, any
26 uniform system of accounts, or the form and manner of

1 keeping accounts.

2 (8) In the conduct of any hearing authorized to be
3 held by the State Commission, to appoint, at the State
4 Commission's discretion, hearing officers to conduct
5 hearings involving complex issues or issues that will
6 require a protracted period of time to resolve, to
7 examine, or cause to be examined, under oath, any
8 licensee, and to examine or cause to be examined the books
9 and records of such licensee; to hear testimony and take
10 proof material for its information in the discharge of its
11 duties hereunder; to administer or cause to be
12 administered oaths; for any such purpose to issue subpoena
13 or subpoenas to require the attendance of witnesses and
14 the production of books, which shall be effective in any
15 part of this State, and to adopt rules to implement its
16 powers under this paragraph (8).

17 Any circuit court may, by order duly entered, require
18 the attendance of witnesses and the production of relevant
19 books subpoenaed by the State Commission and the court may
20 compel obedience to its order by proceedings for contempt.

21 (9) To investigate the administration of laws in
22 relation to alcoholic liquors in this and other states and
23 any foreign countries, and to recommend from time to time
24 to the Governor and through him or her to the legislature
25 of this State, such amendments to this Act, if any, as it
26 may think desirable and as will serve to further the

1 general broad purposes contained in Section 1-2 hereof.

2 (10) To adopt such rules and regulations consistent
3 with the provisions of this Act which shall be necessary
4 for the control, sale, or disposition of alcoholic liquor
5 damaged as a result of an accident, wreck, flood, fire, or
6 other similar occurrence.

7 (11) To develop industry educational programs related
8 to responsible serving and selling, particularly in the
9 areas of overserving consumers and illegal underage
10 purchasing and consumption of alcoholic beverages.

11 (11.1) To license persons providing education and
12 training to alcohol beverage sellers and servers for
13 mandatory and non-mandatory training under the Beverage
14 Alcohol Sellers and Servers Education and Training
15 (BASSET) programs and to develop and administer a public
16 awareness program in Illinois to reduce or eliminate the
17 illegal purchase and consumption of alcoholic beverage
18 products by persons under the age of 21. Application for a
19 license shall be made on forms provided by the State
20 Commission.

21 (12) To develop and maintain a repository of license
22 and regulatory information.

23 (13) (Blank).

24 (14) On or before April 30, 2008 and every 2 years
25 thereafter, the State Commission shall present a written
26 report to the Governor and the General Assembly that shall

1 be based on a study of the impact of Public Act 95-634 on
2 the business of soliciting, selling, and shipping wine
3 from inside and outside of this State directly to
4 residents of this State. As part of its report, the State
5 Commission shall provide all of the following information:

6 (A) The amount of State excise and sales tax
7 revenues generated.

8 (B) The amount of licensing fees received.

9 (C) The number of cases of wine shipped from
10 inside and outside of this State directly to residents
11 of this State.

12 (D) The number of alcohol compliance operations
13 conducted.

14 (E) The number of winery shipper's licenses
15 issued.

16 (F) The number of each of the following: reported
17 violations; cease and desist notices issued by the
18 State Commission; notices of violations issued by the
19 State Commission and to the Department of Revenue; and
20 notices and complaints of violations to law
21 enforcement officials, including, without limitation,
22 the Illinois Attorney General and the U.S. Department
23 of Treasury's Alcohol and Tobacco Tax and Trade
24 Bureau.

25 (15) As a means to reduce the underage consumption of
26 alcoholic liquors, the State Commission shall conduct

1 alcohol compliance operations to investigate whether
2 businesses that are soliciting, selling, and shipping wine
3 from inside or outside of this State directly to residents
4 of this State are licensed by this State or are selling or
5 attempting to sell wine to persons under 21 years of age in
6 violation of this Act.

7 (16) The State Commission shall, in addition to
8 notifying any appropriate law enforcement agency, submit
9 notices of complaints or violations of Sections 6-29 and
10 6-29.1 by persons who do not hold a winery shipper's
11 license under this Act to the Illinois Attorney General
12 and to the U.S. Department of Treasury's Alcohol and
13 Tobacco Tax and Trade Bureau.

14 (17) (A) A person licensed to make wine under the laws
15 of another state who has a winery shipper's license under
16 this Act and annually produces less than 25,000 gallons of
17 wine or a person who has a first-class or second-class
18 wine manufacturer's license, a first-class or second-class
19 wine-maker's license, or a limited wine manufacturer's
20 license under this Act and annually produces less than
21 25,000 gallons of wine may make application to the State
22 Commission for a self-distribution exemption to allow the
23 sale of not more than 5,000 gallons of the exemption
24 holder's wine to retail licensees per year and to sell
25 cider, mead, or both cider and mead to brewers, class 1
26 brewers, class 2 brewers, class 3 brewers, and class 3

1 craft distillers that, pursuant to subsection (e) of
2 Section 6-4 of this Act, sell beer, cider, spirits, mead,
3 or any combination thereof to non-licensees at their
4 breweries or distilleries.

5 (B) In the application, which shall be sworn under
6 penalty of perjury, such person shall state (1) the date
7 it was established; (2) its volume of production and sales
8 for each year since its establishment; (3) its efforts to
9 establish distributor relationships; (4) that a
10 self-distribution exemption is necessary to facilitate the
11 marketing of its wine; and (5) that it will comply with the
12 liquor and revenue laws of the United States, this State,
13 and any other state where it is licensed.

14 (C) The State Commission shall approve the application
15 for a self-distribution exemption if such person: (1) is
16 in compliance with State revenue and liquor laws; (2) is
17 not a member of any affiliated group that produces
18 directly or indirectly more than 25,000 gallons of wine
19 per annum, 930,000 gallons of beer per annum, or 50,000
20 gallons of spirits per annum; (3) will not annually
21 produce for sale more than 25,000 gallons of wine, 930,000
22 gallons of beer, or 50,000 gallons of spirits; and (4)
23 will not annually sell more than 5,000 gallons of its wine
24 to retail licensees.

25 (D) A self-distribution exemption holder shall
26 annually certify to the State Commission its production of

1 wine in the previous 12 months and its anticipated
2 production and sales for the next 12 months. The State
3 Commission may fine, suspend, or revoke a
4 self-distribution exemption after a hearing if it finds
5 that the exemption holder has made a material
6 misrepresentation in its application, violated a revenue
7 or liquor law of Illinois, exceeded production of 25,000
8 gallons of wine, 930,000 gallons of beer, or 50,000
9 gallons of spirits in any calendar year, or become part of
10 an affiliated group producing more than 25,000 gallons of
11 wine, 930,000 gallons of beer, or 50,000 gallons of
12 spirits.

13 (E) Except in hearings for violations of this Act or
14 Public Act 95-634 or a bona fide investigation by duly
15 sworn law enforcement officials, the State Commission, or
16 its agents, the State Commission shall maintain the
17 production and sales information of a self-distribution
18 exemption holder as confidential and shall not release
19 such information to any person.

20 (F) The State Commission shall issue regulations
21 governing self-distribution exemptions consistent with
22 this Section and this Act.

23 (G) Nothing in this paragraph (17) shall prohibit a
24 self-distribution exemption holder from entering into or
25 simultaneously having a distribution agreement with a
26 licensed Illinois distributor.

1 (H) It is the intent of this paragraph (17) to promote
2 and continue orderly markets. The General Assembly finds
3 that, in order to preserve Illinois' regulatory
4 distribution system, it is necessary to create an
5 exception for smaller makers of wine as their wines are
6 frequently adjusted in varietals, mixes, vintages, and
7 taste to find and create market niches sometimes too small
8 for distributor or importing distributor business
9 strategies. Limited self-distribution rights will afford
10 and allow smaller makers of wine access to the marketplace
11 in order to develop a customer base without impairing the
12 integrity of the 3-tier system.

13 (18)(A) A class 1 brewer licensee, who must also be
14 either a licensed brewer or licensed non-resident dealer
15 and annually manufacture less than 930,000 gallons of
16 beer, may make application to the State Commission for a
17 self-distribution exemption to allow the sale of not more
18 than 232,500 gallons per year of the exemption holder's
19 beer to retail licensees and to brewers, class 1 brewers,
20 and class 2 brewers that, pursuant to subsection (e) of
21 Section 6-4 of this Act, sell beer, cider, mead, or any
22 combination thereof to non-licensees at their breweries.

23 (B) In the application, which shall be sworn under
24 penalty of perjury, the class 1 brewer licensee shall
25 state (1) the date it was established; (2) its volume of
26 beer manufactured and sold for each year since its

1 establishment; (3) its efforts to establish distributor
2 relationships; (4) that a self-distribution exemption is
3 necessary to facilitate the marketing of its beer; and (5)
4 that it will comply with the alcoholic beverage and
5 revenue laws of the United States, this State, and any
6 other state where it is licensed.

7 (C) Any application submitted shall be posted on the
8 State Commission's website at least 45 days prior to
9 action by the State Commission. The State Commission shall
10 approve the application for a self-distribution exemption
11 if the class 1 brewer licensee: (1) is in compliance with
12 the State, revenue, and alcoholic beverage laws; (2) is
13 not a member of any affiliated group that manufactures,
14 directly or indirectly, more than 930,000 gallons of beer
15 per annum, 25,000 gallons of wine per annum, or 50,000
16 gallons of spirits per annum; (3) shall not annually
17 manufacture for sale more than 930,000 gallons of beer,
18 25,000 gallons of wine, or 50,000 gallons of spirits; (4)
19 shall not annually sell more than 232,500 gallons of its
20 beer to retail licensees and class 3 brewers and to
21 brewers, class 1 brewers, and class 2 brewers that,
22 pursuant to subsection (e) of Section 6-4 of this Act,
23 sell beer, cider, mead, or any combination thereof to
24 non-licensees at their breweries; and (5) has relinquished
25 any brew pub license held by the licensee, including any
26 ownership interest it held in the licensed brew pub.

1 (D) A self-distribution exemption holder shall
2 annually certify to the State Commission its manufacture
3 of beer during the previous 12 months and its anticipated
4 manufacture and sales of beer for the next 12 months. The
5 State Commission may fine, suspend, or revoke a
6 self-distribution exemption after a hearing if it finds
7 that the exemption holder has made a material
8 misrepresentation in its application, violated a revenue
9 or alcoholic beverage law of Illinois, exceeded the
10 manufacture of 930,000 gallons of beer, 25,000 gallons of
11 wine, or 50,000 gallons of spirits in any calendar year or
12 became part of an affiliated group manufacturing more than
13 930,000 gallons of beer, 25,000 gallons of wine, or 50,000
14 gallons of spirits.

15 (E) The State Commission shall issue rules and
16 regulations governing self-distribution exemptions
17 consistent with this Act.

18 (F) Nothing in this paragraph (18) shall prohibit a
19 self-distribution exemption holder from entering into or
20 simultaneously having a distribution agreement with a
21 licensed Illinois importing distributor or a distributor.
22 If a self-distribution exemption holder enters into a
23 distribution agreement and has assigned distribution
24 rights to an importing distributor or distributor, then
25 the self-distribution exemption holder's distribution
26 rights in the assigned territories shall cease in a

1 reasonable time not to exceed 60 days.

2 (G) It is the intent of this paragraph (18) to promote
3 and continue orderly markets. The General Assembly finds
4 that in order to preserve Illinois' regulatory
5 distribution system, it is necessary to create an
6 exception for smaller manufacturers in order to afford and
7 allow such smaller manufacturers of beer access to the
8 marketplace in order to develop a customer base without
9 impairing the integrity of the 3-tier system.

10 (19) (A) A class 1 craft distiller licensee or a
11 non-resident dealer who manufactures less than 50,000
12 gallons of distilled spirits per year may make application
13 to the State Commission for a self-distribution exemption
14 to allow the sale of not more than 5,000 gallons of the
15 exemption holder's spirits to retail licensees per year.

16 (B) In the application, which shall be sworn under
17 penalty of perjury, the class 1 craft distiller licensee
18 or non-resident dealer shall state (1) the date it was
19 established; (2) its volume of spirits manufactured and
20 sold for each year since its establishment; (3) its
21 efforts to establish distributor relationships; (4) that a
22 self-distribution exemption is necessary to facilitate the
23 marketing of its spirits; and (5) that it will comply with
24 the alcoholic beverage and revenue laws of the United
25 States, this State, and any other state where it is
26 licensed.

1 (C) Any application submitted shall be posted on the
2 State Commission's website at least 45 days prior to
3 action by the State Commission. The State Commission shall
4 approve the application for a self-distribution exemption
5 if the applicant: (1) is in compliance with State revenue
6 and alcoholic beverage laws; (2) is not a member of any
7 affiliated group that produces more than 50,000 gallons of
8 spirits per annum, 930,000 gallons of beer per annum, or
9 25,000 gallons of wine per annum; (3) does not annually
10 manufacture for sale more than 50,000 gallons of spirits,
11 930,000 gallons of beer, or 25,000 gallons of wine; and
12 (4) does not annually sell more than 5,000 gallons of its
13 spirits to retail licensees.

14 (D) A self-distribution exemption holder shall
15 annually certify to the State Commission its manufacture
16 of spirits during the previous 12 months and its
17 anticipated manufacture and sales of spirits for the next
18 12 months. The State Commission may fine, suspend, or
19 revoke a self-distribution exemption after a hearing if it
20 finds that the exemption holder has made a material
21 misrepresentation in its application, violated a revenue
22 or alcoholic beverage law of Illinois, exceeded the
23 manufacture of 50,000 gallons of spirits, 930,000 gallons
24 of beer, or 25,000 gallons of wine in any calendar year, or
25 has become part of an affiliated group manufacturing more
26 than 50,000 gallons of spirits, 930,000 gallons of beer,

1 or 25,000 gallons of wine.

2 (E) The State Commission shall adopt rules governing
3 self-distribution exemptions consistent with this Act.

4 (F) Nothing in this paragraph (19) shall prohibit a
5 self-distribution exemption holder from entering into or
6 simultaneously having a distribution agreement with a
7 licensed Illinois importing distributor or a distributor.

8 (G) It is the intent of this paragraph (19) to promote
9 and continue orderly markets. The General Assembly finds
10 that in order to preserve Illinois' regulatory
11 distribution system, it is necessary to create an
12 exception for smaller manufacturers in order to afford and
13 allow such smaller manufacturers of spirits access to the
14 marketplace in order to develop a customer base without
15 impairing the integrity of the 3-tier system.

16 (20) (A) A class 3 brewer licensee who must manufacture
17 less than 465,000 gallons of beer in the aggregate and not
18 more than 155,000 gallons at any single brewery premises
19 may make application to the State Commission for a
20 self-distribution exemption to allow the sale of not more
21 than 6,200 gallons of beer from each in-state or
22 out-of-state class 3 brewery premises, which shall not
23 exceed 18,600 gallons annually in the aggregate, that is
24 manufactured at a wholly owned class 3 brewer's in-state
25 or out-of-state licensed premises to retail licensees and
26 class 3 brewers and to brewers, class 1 brewers, class 2

1 brewers that, pursuant to subsection (e) of Section 6-4,
2 sell beer, cider, or both beer and cider to non-licensees
3 at their licensed breweries.

4 (B) In the application, which shall be sworn under
5 penalty of perjury, the class 3 brewer licensee shall
6 state:

7 (1) the date it was established;

8 (2) its volume of beer manufactured and sold for
9 each year since its establishment;

10 (3) its efforts to establish distributor
11 relationships;

12 (4) that a self-distribution exemption is
13 necessary to facilitate the marketing of its beer; and

14 (5) that it will comply with the alcoholic
15 beverage and revenue laws of the United States, this
16 State, and any other state where it is licensed.

17 (C) Any application submitted shall be posted on the
18 State Commission's website at least 45 days before action
19 by the State Commission. The State Commission shall
20 approve the application for a self-distribution exemption
21 if the class 3 brewer licensee: (1) is in compliance with
22 the State, revenue, and alcoholic beverage laws; (2) is
23 not a member of any affiliated group that manufacturers,
24 directly or indirectly, more than 465,000 gallons of beer
25 per annum; (3) shall not annually manufacture for sale
26 more than 465,000 gallons of beer or more than 155,000

1 gallons at any single brewery premises; and (4) shall not
2 annually sell more than 6,200 gallons of beer from each
3 in-state or out-of-state class 3 brewery premises, and
4 shall not exceed 18,600 gallons annually in the aggregate,
5 to retail licensees and class 3 brewers and to brewers,
6 class 1 brewers, and class 2 brewers that, pursuant to
7 subsection (e) of Section 6-4 of this Act, sell beer,
8 cider, or both beer and cider to non-licensees at their
9 breweries.

10 (D) A self-distribution exemption holder shall
11 annually certify to the State Commission its manufacture
12 of beer during the previous 12 months and its anticipated
13 manufacture and sales of beer for the next 12 months. The
14 State Commission may fine, suspend, or revoke a
15 self-distribution exemption after a hearing if it finds
16 that the exemption holder has made a material
17 misrepresentation in its application, violated a revenue
18 or alcoholic beverage law of Illinois, exceeded the
19 manufacture of 465,000 gallons of beer in any calendar
20 year or became part of an affiliated group manufacturing
21 more than 465,000 gallons of beer, or exceeded the sale to
22 retail licensees, brewers, class 1 brewers, class 2
23 brewers, and class 3 brewers of 6,200 gallons per brewery
24 location or 18,600 gallons in the aggregate.

25 (E) The State Commission may adopt rules governing
26 self-distribution exemptions consistent with this Act.

1 (F) Nothing in this paragraph shall prohibit a
2 self-distribution exemption holder from entering into or
3 simultaneously having a distribution agreement with a
4 licensed Illinois importing distributor or a distributor.
5 If a self-distribution exemption holder enters into a
6 distribution agreement and has assigned distribution
7 rights to an importing distributor or distributor, then
8 the self-distribution exemption holder's distribution
9 rights in the assigned territories shall cease in a
10 reasonable time not to exceed 60 days.

11 (G) It is the intent of this paragraph to promote and
12 continue orderly markets. The General Assembly finds that
13 in order to preserve Illinois' regulatory distribution
14 system, it is necessary to create an exception for smaller
15 manufacturers in order to afford and allow such smaller
16 manufacturers of beer access to the marketplace in order
17 to develop a customer base without impairing the integrity
18 of the 3-tier system.

19 (21) (A) A class 3 craft distiller licensee who
20 manufactures less than 100,000 gallons of spirits in the
21 aggregate may make application to the State Commission for
22 a self-distribution exemption to allow the sale of not
23 more than 5,000 gallons of the exemption holder's spirits
24 per year that are manufactured at a wholly owned class 3
25 craft distiller's in-state or out-of-state licensed
26 premises to retail licensees and class 3 brewers and to

1 class 3 craft distillers that, pursuant to subsection (e)
2 of Section 6-4, sell beer, cider, spirits, or any
3 combination thereof to non-licensees at their licensed
4 distilleries.

5 (B) In the application, which shall be sworn under
6 penalty of perjury, the class 3 craft distiller licensee
7 shall state:

8 (1) the date it was established;

9 (2) its volume of spirits manufactured and sold
10 for each year since its establishment;

11 (3) its efforts to establish distributor
12 relationships;

13 (4) that a self-distribution exemption is
14 necessary to facilitate the marketing of its spirits;
15 and

16 (5) that it will comply with the alcoholic
17 beverage and revenue laws of the United States, this
18 State, and any other state where it is licensed.

19 (C) Any application submitted shall be posted on the
20 State Commission's website at least 45 days before action
21 by the State Commission. The State Commission shall
22 approve the application for a self-distribution exemption
23 if the class 3 craft distiller licensee:

24 (1) is in compliance with the State, revenue, and
25 alcoholic beverage laws;

26 (2) is not a member of any affiliated group that

1 manufacturers, directly or indirectly, more than
2 100,000 gallons of spirits per annum;

3 (3) shall not annually manufacture for sale more
4 than 100,000 gallons of spirits; and

5 (4) does not sell more than 5,000 gallons of its
6 spirits per year to retail licensees and class 3
7 brewers and to class 3 craft distillers that, pursuant
8 to subsection (e) of Section 6-4, sell beer, cider,
9 spirits, or any combination thereof to non-licensees
10 at their licensed distilleries.

11 (D) A self-distribution exemption holder shall
12 annually certify to the State Commission its manufacture
13 of spirits during the previous 12 months and its
14 anticipated manufacture and sales of spirits for the next
15 12 months. The State Commission may fine, suspend, or
16 revoke a self-distribution exemption after a hearing if it
17 finds that the exemption holder has made a material
18 misrepresentation in its application, violated a revenue
19 or alcoholic beverage law of Illinois, exceeded the
20 manufacture of 100,000 gallons of spirits in any calendar
21 year, or became part of an affiliated group manufacturing
22 more than 100,000 gallons of spirits.

23 (E) The State Commission may adopt rules governing
24 self-distribution exemptions consistent with this Act.

25 (F) Nothing in this paragraph shall prohibit a
26 self-distribution exemption holder from entering into or

1 simultaneously having a distribution agreement with a
2 licensed Illinois importing distributor or a distributor.

3 (G) It is the intent of this paragraph to promote and
4 continue orderly markets. The General Assembly finds that,
5 in order to preserve Illinois' regulatory distribution
6 system, it is necessary to create an exception for smaller
7 manufacturers in order to afford and allow such smaller
8 manufacturers of spirits access to the marketplace in
9 order to develop a customer base without impairing the
10 integrity of the 3-tier system.

11 (b) On or before April 30, 1999, the Commission shall
12 present a written report to the Governor and the General
13 Assembly that shall be based on a study of the impact of Public
14 Act 90-739 on the business of soliciting, selling, and
15 shipping alcoholic liquor from outside of this State directly
16 to residents of this State.

17 As part of its report, the Commission shall provide the
18 following information:

19 (i) the amount of State excise and sales tax revenues
20 generated as a result of Public Act 90-739;

21 (ii) the amount of licensing fees received as a result
22 of Public Act 90-739;

23 (iii) the number of reported violations, the number of
24 cease and desist notices issued by the Commission, the
25 number of notices of violations issued to the Department
26 of Revenue, and the number of notices and complaints of

1 violations to law enforcement officials.

2 (Source: P.A. 104-451, eff. 7-1-26.)

3 Section 95. No acceleration or delay. Where this Act makes
4 changes in a statute that is represented in this Act by text
5 that is not yet or no longer in effect (for example, a Section
6 represented by multiple versions), the use of that text does
7 not accelerate or delay the taking effect of (i) the changes
8 made by this Act or (ii) provisions derived from any other
9 Public Act.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.