

**104TH GENERAL ASSEMBLY****State of Illinois****2025 and 2026****SB1766**

Introduced 2/5/2025, by Sen. Bill Cunningham

**SYNOPSIS AS INTRODUCED:**

See Index

Amends the Liquor Control Act of 1934. Sets forth a tax upon the privilege of engaging in business as a hemp beverage manufacturer or as a hemp beverage importing distributor. Adds hemp beverages and hemp beverage manufacturers, hemp beverage distributors, hemp beverage importing distributors, and hemp beverage retailers to provisions concerning the taxation of alcoholic liquor. Creates the Hemp Beverage Commission as part of the Illinois Liquor Control Commission. Specifies the powers and duties of the Hemp Beverage Commission. Establishes hemp beverage distributor registrations, hemp beverage importing distributor registrations, hemp beverage manufacturer registrations, hemp beverage non-resident dealer registrations, and hemp beverage retailer registrations. Sets forth provisions concerning fees for registration; registration issuance; and discipline of a registrant. Prohibits happy hours in connection with hemp beverages, the delivery of a hemp beverage in combination with an alcoholic beverage, the distribution or sale of intermediate hemp products to a person or entity that is not a hemp beverage manufacturer, and certain other practices. Provides that no hemp beverage may be given, sold, transferred, or delivered to any person under the age of 21. Provides that hemp beverages shall not contain a total THC concentration of greater than 10 milligrams in a container not less than 7.5 ounces and 60 milligrams of THC per package for products sold in multiple servings or units. Sets forth provisions concerning hemp beverage manufacturing, labeling, testing, and advertising. Specifies provisions of the Act that apply to hemp beverages and registrants. Preempts home rule authority to regulate hemp beverages and registrants under the Act. Makes other and conforming changes. Effective immediately.

LRB104 10504 RPS 20579 b

1           AN ACT concerning regulation.

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 Sections 8-1, 8-2, 8-3, 8-4, 8-5, 8-6, 8-7, 8-9,  
6           8-10, 8-11, 8-12, and 8-14 and by adding Article XIII as  
7           follows:

8           (235 ILCS 5/8-1)

9           Sec. 8-1. A tax is imposed upon the privilege of engaging  
10          in business as a manufacturer or as an importing distributor  
11          of alcoholic liquor other than beer at the rate of \$0.185 per  
12          gallon until September 1, 2009 and \$0.231 per gallon beginning  
13          September 1, 2009 for cider containing not less than 0.5%  
14          alcohol by volume nor more than 7% alcohol by volume, \$0.73 per  
15          gallon until September 1, 2009 and \$1.39 per gallon beginning  
16          September 1, 2009 for wine other than cider containing less  
17          than 7% alcohol by volume, and \$4.50 per gallon until  
18          September 1, 2009 and \$8.55 per gallon beginning September 1,  
19          2009 on alcohol and spirits manufactured and sold or used by  
20          such manufacturer, or as agent for any other person, or sold or  
21          used by such importing distributor, or as agent for any other  
22          person. A tax is imposed upon the privilege of engaging in  
23          business as a manufacturer of beer or as an importing

1 distributor of beer at the rate of \$0.185 per gallon until  
2 September 1, 2009 and \$0.231 per gallon beginning September 1,  
3 2009 on all beer, regardless of alcohol by volume,  
4 manufactured and sold or used by such manufacturer, or as  
5 agent for any other person, or sold or used by such importing  
6 distributor, or as agent for any other person. Any brewer  
7 manufacturing beer in this State shall be entitled to and  
8 given a credit or refund of 75% of the tax imposed on each  
9 gallon of beer up to 4.9 million gallons per year in any given  
10 calendar year for tax paid or payable on beer produced and sold  
11 in the State of Illinois.

12 A tax is imposed upon the privilege of engaging in  
13 business as a hemp beverage manufacturer or as a hemp beverage  
14 importing distributor at the rate of \$8.55 for each gallon  
15 containing 80 mg of THC or less and not less than 70 mg of THC,  
16 \$7.48 for each gallon containing less than 70 mg of THC and not  
17 less than 60 mg of THC, \$6.41 for each gallon containing less  
18 than 60 mg of THC and not less than 50 mg of THC, \$5.34 for  
19 each gallon containing less than 50 mg of THC and not less than  
20 40 mg of THC, \$4.27 for each gallon containing less than 40 mg  
21 of THC, manufactured by a hemp manufacturer and sold or used by  
22 such hemp manufacturer, or as agent for any other person, or  
23 sold or used by such importing hemp distributor, or as agent  
24 for any other person.

25 For purposes of this Section, "beer" means beer, ale,  
26 porter, stout, and other similar fermented beverages of any

1 name or description containing one-half of one percent or more  
2 of alcohol by volume, brewed or produced from malt, wholly or  
3 in part, or from any substitute for malt.

4 For the purpose of this Section, "cider" means any  
5 alcoholic beverage obtained by the alcohol fermentation of the  
6 juice of apples or pears including, but not limited to,  
7 flavored, sparkling, or carbonated cider.

8 The credit or refund created by this Act shall apply to all  
9 beer taxes in the calendar years 1982 through 1986.

10 The increases made by this amendatory Act of the 91st  
11 General Assembly in the rates of taxes imposed under this  
12 Section shall apply beginning on July 1, 1999.

13 A tax at the rate of 1¢ per gallon on beer and 48¢ per  
14 gallon on hemp beverages, alcohol, and spirits is also imposed  
15 upon the privilege of engaging in business as a retailer or  
16 hemp beverage retailer or as a distributor or hemp beverage  
17 distributor who is not also an importing distributor or hemp  
18 beverage importing distributor with respect to all beer, and  
19 all alcohol, and spirits, and hemp beverages owned or  
20 possessed by such retailer, hemp beverage retailer, or  
21 distributor, or hemp beverage distributor when this amendatory  
22 Act of 1969, or any amendatory Act applicable to hemp  
23 beverages, becomes effective, and with respect to which the  
24 additional tax imposed by this amendatory Act upon  
25 manufacturers, hemp beverage manufacturers, and importing  
26 distributors, and hemp beverage importing distributors does

1 not apply. Retailers, hemp beverage retailers, and  
2 distributors, and hemp beverage distributors who are subject  
3 to the additional tax imposed by this paragraph of this  
4 Section shall be required to inventory such alcoholic liquor  
5 or hemp beverage and to pay this additional tax in a manner  
6 prescribed by the Department.

7 The provisions of this Section shall be construed to apply  
8 to any importing distributor or importing hemp distributor  
9 engaging in business in this State, whether licensed or not.

10 However, such tax is not imposed upon any such business as  
11 to any alcoholic liquor or hemp beverage shipped outside  
12 Illinois by an Illinois licensed manufacturer, hemp beverage  
13 manufacturer, or importing distributor, or hemp beverage  
14 importing distributor, nor as to any alcoholic liquor or hemp  
15 beverage delivered in Illinois by an Illinois licensed  
16 manufacturer, hemp beverage manufacturer, or importing  
17 distributor, or hemp beverage distributor to a purchaser for  
18 immediate transportation by the purchaser to another state  
19 into which the purchaser has a legal right, under the laws of  
20 such state, to import such alcoholic liquor or hemp beverage,  
21 nor as to any alcoholic liquor other than beer or hemp beverage  
22 sold by one Illinois licensed manufacturer, hemp beverage  
23 manufacturer, or importing distributor, or hemp beverage  
24 importing distributor to another Illinois licensed  
25 manufacturer, hemp beverage manufacturer, or importing  
26 distributor, or hemp beverage importing distributor, to the

1 extent to which the sale of alcoholic liquor other than beer or  
2 hemp beverage by one Illinois licensed manufacturer, hemp  
3 beverage manufacturer, importing distributor, or hemp beverage  
4 importing distributor manufacturer or importing distributor to  
5 another Illinois licensed manufacturer, hemp beverage  
6 manufacturer, importing distributor, or hemp beverage  
7 importing distributor manufacturer or importing distributor is  
8 authorized by the licensing provisions of this Act, nor to  
9 alcoholic liquor or hemp beverage whether manufactured in or  
10 imported into this State when sold to a "non-beverage user"  
11 licensed by the State for use in the manufacture of any of the  
12 following when they are unfit for beverage purposes:

13 Patent and proprietary medicines and medicinal,  
14 antiseptic, culinary and toilet preparations;

15 Flavoring extracts and syrups and food products;

16 Scientific, industrial and chemical products, excepting  
17 denatured alcohol;

18 Or for scientific, chemical, experimental or mechanical  
19 purposes;

20 Nor is the tax imposed upon the privilege of engaging in  
21 any business in interstate commerce or otherwise, which  
22 business may not, under the Constitution and Statutes of the  
23 United States, be made the subject of taxation by this State.

24 The tax herein imposed shall be in addition to all other  
25 occupation or privilege taxes imposed by the State of Illinois  
26 or political subdivision thereof.

1       If any alcoholic liquor or hemp beverage ~~alcoholic liquor~~  
2 manufactured in or imported into this State is sold to a  
3 licensed manufacturer, hemp beverage manufacturer, ~~or~~  
4 importing distributor, or hemp beverage importing distributor  
5 by a licensed manufacturer, hemp beverage manufacturer,  
6 ~~manufacturer or importing distributor, or hemp beverage~~  
7 ~~distributor~~ to be used solely as an ingredient in the  
8 manufacture of any beverage for human consumption, the tax  
9 imposed upon such purchasing manufacturer, hemp beverage  
10 manufacturer, importing distributor, or hemp beverage  
11 importing distributor ~~manufacturer or importing distributor~~  
12 shall be reduced by the amount of the taxes which have been  
13 paid by the selling manufacturer, hemp beverage manufacturer,  
14 importing distributor, or hemp beverage importing distributor  
15 ~~manufacturer or importing distributor~~ under this Act as to  
16 such alcoholic liquor or hemp beverage so used to the  
17 Department of Revenue.

18       If any person received any alcoholic liquors or hemp  
19 beverages from a manufacturer, hemp beverage manufacturer,  
20 importing distributor, or hemp beverage importing distributor  
21 ~~manufacturer or importing distributor~~, with respect to which  
22 alcoholic liquors or hemp beverages no tax is imposed under  
23 this Article, and such alcoholic liquor or hemp beverage shall  
24 thereafter be disposed of in such manner or under such  
25 circumstances as may cause the same to become the base for the  
26 tax imposed by this Article, such person shall make the same

1 reports and returns, pay the same taxes and be subject to all  
2 other provisions of this Article relating to manufacturers and  
3 importing distributors.

4 Nothing in this Article shall be construed to require the  
5 payment to the Department of the taxes imposed by this Article  
6 more than once with respect to any quantity of alcoholic  
7 liquor or hemp beverage sold or used within this State.

8 No tax is imposed by this Act on sales of alcoholic liquor  
9 or hemp beverage by Illinois licensed foreign importers to  
10 Illinois licensed importing distributors.

11 All of the proceeds of the additional tax imposed by  
12 Public Act 96-34 shall be deposited by the Department into the  
13 Capital Projects Fund. The remainder of the tax imposed by  
14 this Act shall be deposited by the Department into the General  
15 Revenue Fund.

16 A manufacturer of beer that imports or transfers beer into  
17 this State must comply with the provisions of this Section  
18 with regard to the beer imported into this State.

19 The provisions of this Section 8-1 are severable under  
20 Section 1.31 of the Statute on Statutes.

21 (Source: P.A. 100-885, eff. 8-14-18; 101-16, eff. 6-14-19.)

22 (235 ILCS 5/8-2) (from Ch. 43, par. 159)

23 Sec. 8-2. Payments; reports. It is the duty of each  
24 manufacturer with respect to alcoholic liquor or hemp beverage  
25 produced or imported by such manufacturer, or purchased

1 tax-free by such manufacturer from another manufacturer, hemp  
2 beverage manufacturer, importing distributor, or hemp beverage  
3 importing distributor manufacturer or importing distributor,  
4 and of each importing distributor as to alcoholic liquor or  
5 hemp beverage purchased by such importing distributor from  
6 foreign importers or from anyone from any point in the United  
7 States outside of this State or purchased tax-free from  
8 another manufacturer, hemp beverage manufacturer, importing  
9 distributor, or hemp beverage importing distributor  
10 manufacturer or importing distributor, to pay the tax imposed  
11 by Section 8-1 to the Department of Revenue on or before the  
12 15th day of the calendar month following the calendar month in  
13 which such alcoholic liquor or hemp beverage is sold or used by  
14 such manufacturer or by such importing distributor other than  
15 in an authorized tax-free manner or to pay that tax  
16 electronically as provided in this Section.

17 Each manufacturer and each importing distributor shall  
18 make payment under one of the following methods: (1) on or  
19 before the 15th day of each calendar month, file in person or  
20 by United States first-class mail, postage pre-paid, with the  
21 Department of Revenue, on forms prescribed and furnished by  
22 the Department, a report in writing in such form as may be  
23 required by the Department in order to compute, and assure the  
24 accuracy of, the tax due on all taxable sales and uses of  
25 alcoholic liquor or hemp beverage occurring during the  
26 preceding month. Payment of the tax in the amount disclosed by

1 the report shall accompany the report or, (2) on or before the  
2 15th day of each calendar month, electronically file with the  
3 Department of Revenue, on forms prescribed and furnished by  
4 the Department, an electronic report in such form as may be  
5 required by the Department in order to compute, and assure the  
6 accuracy of, the tax due on all taxable sales and uses of  
7 alcoholic liquor or hemp beverage occurring during the  
8 preceding month. An electronic payment of the tax in the  
9 amount disclosed by the report shall accompany the report. A  
10 manufacturer or distributor who files an electronic report and  
11 electronically pays the tax imposed pursuant to Section 8-1 to  
12 the Department of Revenue on or before the 15th day of the  
13 calendar month following the calendar month in which such  
14 alcoholic liquor or hemp beverage is sold or used by that  
15 manufacturer, hemp beverage manufacturer, importing  
16 distributor, or hemp beverage importing distributor  
17 ~~manufacturer or importing distributor~~ other than in an  
18 authorized tax-free manner shall pay to the Department the  
19 amount of the tax imposed pursuant to Section 8-1, less a  
20 discount which is allowed to reimburse the manufacturer, hemp  
21 beverage manufacturer, importing distributor, or hemp beverage  
22 importing distributor manufacturer or importing distributor  
23 for the expenses incurred in keeping and maintaining records,  
24 preparing and filing the electronic returns, remitting the  
25 tax, and supplying data to the Department upon request.

26 The discount shall be in an amount as follows:

(1) For original returns due on or after January 1, 2003 through September 30, 2003, the discount shall be 1.75% or \$1,250 per return, whichever is less;

(2) For original returns due on or after October 1, 2003 through September 30, 2004, the discount shall be 2% or \$3,000 per return, whichever is less; and

(3) For original returns due on or after October 1, 2004, the discount shall be 2% or \$2,000 per return, whichever is less.

The Department may, if it deems it necessary in order to insure the payment of the tax imposed by this Article, require returns to be made more frequently than and covering periods of less than a month. Such return shall contain such further information as the Department may reasonably require.

It shall be presumed that all alcoholic liquors or hemp beverages acquired or made by any hemp beverage importing distributor, importing distributor, hemp beverage manufacturer, or manufacturer importing distributor or manufacturer have been sold or used by him in this State and are the basis for the tax imposed by this Article unless proven, to the satisfaction of the Department, that such alcoholic liquors or hemp beverages are (1) still in the possession of such importing distributor or manufacturer, or (2) prior to the termination of possession have been lost by theft or through unintentional destruction, or (3) that such alcoholic liquor or hemp beverages alcoholic liquors are

1 otherwise exempt from taxation under this Act.

2 If any payment provided for in this Section exceeds the  
3 manufacturer's, hemp beverage manufacturer's, importing  
4 distributor's, or hemp beverage importing distributor's  
5 ~~manufacturer's or importing distributor's~~ liabilities under  
6 this Act, as shown on an original report, the manufacturer,  
7 hemp beverage manufacturer, importing distributor, or hemp  
8 beverage importing distributor manufacturer or importing  
9 ~~distributor~~ may credit such excess payment against liability  
10 subsequently to be remitted to the Department under this Act,  
11 in accordance with reasonable rules adopted by the Department.  
12 If the Department subsequently determines that all or any part  
13 of the credit taken was not actually due to the manufacturer,  
14 hemp beverage manufacturer, importing distributor, or hemp  
15 beverage importing distributor manufacturer or importing  
16 ~~distributor, the manufacturer's, hemp beverage manufacturer's,~~  
17 importing distributor's, or hemp beverage importing  
18 ~~distributor's manufacturer's or importing distributor's~~  
19 discount shall be reduced by an amount equal to the difference  
20 between the discount as applied to the credit taken and that  
21 actually due, and the manufacturer, hemp beverage  
22 manufacturer, importing distributor, or hemp beverage  
23 importing distributor manufacturer or importing distributor  
24 shall be liable for penalties and interest on such difference.

25 The Department may require any foreign importer to file  
26 monthly information returns, by the 15th day of the month

1 following the month which any such return covers, if the  
2 Department determines this to be necessary to the proper  
3 performance of the Department's functions and duties under  
4 this Act. Such return shall contain such information as the  
5 Department may reasonably require.

6 Every entity licensed or registered as a manufacturer,  
7 hemp beverage manufacturer, and importing distributor, or hemp  
8 beverage importing distributor, except for a manufacturer,  
9 hemp beverage manufacturer, importing distributor, or hemp  
10 beverage importing distributor manufacturer or importing  
11 distributor that in the preceding year had less than \$50,000  
12 of tax liability under this Article, shall also file, with the  
13 Department, a bond in an amount not less than \$1,000 and not to  
14 exceed \$100,000 on a form to be approved by, and with a surety  
15 or sureties satisfactory to, the Department. The Department  
16 shall not require more than one bond in the event an entity is  
17 licensed under this Act and registered under Article XIII.  
18 Such bond shall be conditioned upon the manufacturer, hemp  
19 beverage manufacturer, importing distributor, or hemp beverage  
20 importing distributor manufacturer or importing distributor  
21 paying to the Department all moneys monies becoming due from  
22 such manufacturer, hemp beverage manufacturer, importing  
23 distributor, or hemp beverage importing distributor  
24 manufacturer or importing distributor under this Article. The  
25 Department shall fix the penalty of such bond in each case,  
26 taking into consideration the amount of alcoholic liquor or

1       hemp beverage ~~alcoholic liquor~~ expected to be sold and used by  
2       such manufacturer, hemp beverage manufacturer, importing  
3       distributor, or hemp beverage importing distributor  
4       manufacturer or importing distributor, and the penalty fixed  
5       by the Department shall be sufficient, in the Department's  
6       opinion, to protect the State of Illinois against failure to  
7       pay any amount due under this Article, but the amount of the  
8       penalty fixed by the Department shall not exceed twice the  
9       amount of tax liability of a monthly return, nor shall the  
10      amount of such penalty be less than \$1,000. The Department  
11      shall notify the State Commission of the Department's approval  
12      or disapproval of any such manufacturer's, hemp beverage  
13      manufacturer's, importing distributor's, or hemp beverage  
14      importing distributor's manufacturer's or importing  
15      distributor's bond, or of the termination or cancellation of  
16      any such bond, or of the Department's direction to  
17      manufacturer, hemp beverage manufacturer, importing  
18      distributor, or hemp beverage importing distributor a  
19      manufacturer or importing distributor that he must file  
20      additional bond in order to comply with this Section. The  
21      State Commission shall not issue a license to any applicant  
22      for a manufacturer's or importing distributor's license and  
23      the Hemp Beverage Commission shall not issue to a registration  
24      to any applicant for a hemp beverage manufacturer's or hemp  
25      beverage importing distributor's registration manufacturer's  
26      or importing distributor's license unless the State Commission

1       or the Hemp Beverage Commission with respect to a an  
2       application for a registration, has received a notification  
3       from the Department showing that such applicant has filed a  
4       satisfactory bond with the Department hereunder and that such  
5       bond has been approved by the Department. Failure by any  
6       licensed manufacturer, hemp beverage manufacturer, importing  
7       distributor, or hemp beverage importing distributor  
8       manufacturer or importing distributor to keep a satisfactory  
9       bond in effect with the Department or to furnish additional  
10      bond to the Department, when required hereunder by the  
11      Department to do so, shall be grounds for the revocation or  
12      suspension of such manufacturer's or importing distributor's  
13      license by the State Commission or such hemp beverage  
14      manufacturer's or hemp beverage importing distributor's  
15      registration manufacturer's or importing distributor's license  
16      by the Hemp Beverage Commission. If a manufacturer, hemp  
17      beverage manufacturer, importing distributor, or hemp beverage  
18      importing distributor manufacturer or importing distributor  
19      fails to pay any amount due under this Article, his bond with  
20      the Department shall be deemed forfeited, and the Department  
21      may institute a suit in its own name on such bond.

22           After notice and opportunity for a hearing the State  
23      Commission may revoke or suspend the license of any  
24      manufacturer or importing distributor and the Hemp Beverage  
25      Commission may revoke or suspend the registration of a hemp  
26      beverage manufacturer or hemp beverage importing distributor

1 who fails to comply with the provisions of this Section.  
2 Notice of such hearing and the time and place thereof shall be  
3 in writing and shall contain a statement of the charges  
4 against the licensee or registrant. Such notice may be given  
5 by United States registered or certified mail with return  
6 receipt requested, addressed to the person concerned at his  
7 last known address and shall be given not less than 7 days  
8 prior to the date fixed for the hearing. An order revoking or  
9 suspending a license or registration under the provisions of  
10 this Section may be reviewed in the manner provided in Section  
11 7-10 of this Act. No new license shall be granted to a person  
12 whose license or registration has been revoked for a violation  
13 of this Section or, in case of suspension, shall such  
14 suspension be terminated until he has paid to the Department  
15 all taxes and penalties which he owes the State under the  
16 provisions of this Act.

17 Every manufacturer, hemp beverage manufacturer, importing  
18 distributor, or hemp beverage importing distributor  
19 ~~manufacturer or importing distributor~~ who has, as verified by  
20 the Department, continuously complied with the conditions of  
21 the bond under this Act for a period of 2 years shall be  
22 considered to be a prior continuous compliance taxpayer. In  
23 determining the consecutive period of time for qualification  
24 as a prior continuous compliance taxpayer, any consecutive  
25 period of time of qualifying compliance immediately prior to  
26 the effective date of this amendatory Act of 1987 shall be

1 credited to any manufacturer, hemp beverage manufacturer,  
2 importing distributor, or hemp beverage importing distributor  
3 ~~manufacturer or importing distributor~~.

4 A manufacturer, hemp beverage manufacturer, importing  
5 distributor, or hemp beverage importing distributor  
6 ~~manufacturer or importing distributor~~ that is a prior  
7 continuous compliance taxpayer under this Section and becomes  
8 a successor as the result of an acquisition, merger, or  
9 consolidation of a manufacturer, hemp beverage manufacturer,  
10 importing distributor, or hemp beverage importing distributor  
11 ~~manufacturer or importing distributor~~ shall be deemed to be a  
12 prior continuous compliance taxpayer with respect to the  
13 acquired, merged, or consolidated entity.

14 Every prior continuous compliance taxpayer shall be exempt  
15 from the bond requirements of this Act until the Department  
16 has determined the taxpayer to be delinquent in the filing of  
17 any return or deficient in the payment of any tax under this  
18 Act. Any taxpayer who fails to pay an admitted or established  
19 liability under this Act may also be required to post bond or  
20 other acceptable security with the Department guaranteeing the  
21 payment of such admitted or established liability.

22 The Department shall discharge any surety and shall  
23 release and return any bond or security deposit assigned,  
24 pledged or otherwise provided to it by a taxpayer under this  
25 Section within 30 days after: (1) such taxpayer becomes a  
26 prior continuous compliance taxpayer; or (2) such taxpayer has

1 ceased to collect receipts on which he is required to remit tax  
2 to the Department, has filed a final tax return, and has paid  
3 to the Department an amount sufficient to discharge his  
4 remaining tax liability as determined by the Department under  
5 this Act.

6 (Source: P.A. 100-1171, eff. 1-4-19; 101-37, eff. 7-3-19.)

7 (235 ILCS 5/8-4) (from Ch. 43, par. 163)

Sec. 8-4. If a person fails to file a return as required by this Article, or having filed an incorrect or insufficient return, fails to file a corrected or sufficient return, as the case may require, within 10 days after the giving of notice to him by the Department that such corrected or sufficient return is required, the Department shall determine the amount of tax due at any time within 3 years after the making of the earliest disposition of alcoholic liquor or hemp beverage included in such determination, and shall give written notice, by means of a notice of tax liability, of such determination to such person. Protest thereto and demand for a hearing may be made and final assessments arrived at in accordance with Section 8-5.

21 (Source: P.A. 82-783.)

22 (235 ILCS 5/8-5) (from Ch. 43, par. 163a)

23 Sec. 8-5. As soon as practicable after any return is  
24 filed, the Department shall examine such return or amended

1 return and shall correct such return according to its best  
2 judgment and information, which return so corrected by the  
3 Department shall be prima facie correct and shall be prima  
4 facie evidence of the correctness of the amount of tax due, as  
5 shown therein. Instead of requiring the licensee to file an  
6 amended return, the Department may simply notify the licensee  
7 of the correction or corrections it has made. Proof of such  
8 correction by the Department, or of the determination of the  
9 amount of tax due as provided in Sections 8-4 and 8-10, may be  
10 made at any hearing before the Department or in any legal  
11 proceeding by a reproduced copy of the Department's record  
12 relating thereto in the name of the Department under the  
13 certificate of the Director of Revenue. Such reproduced copy  
14 shall, without further proof, be admitted into evidence before  
15 the Department or in any legal proceeding and shall be prima  
16 facie proof of the correctness of the amount of tax due, as  
17 shown therein. If the return so corrected by the Department  
18 discloses the sale or use, by a licensed manufacturer, hemp  
19 beverage manufacturer, importing distributor, or hemp beverage  
20 importing distributor manufacturer or importing distributor,  
21 of alcoholic liquors or hemp beverages as to which the tax  
22 provided for in this Article should have been paid, but has not  
23 been paid, in excess of the alcoholic liquors or hemp  
24 beverages reported as being taxable by the licensee, and as to  
25 which the proper tax was paid the Department shall notify the  
26 licensee that it shall issue the taxpayer a notice of tax

1 liability for the amount of tax claimed by the Department to be  
2 due, together with penalties at the rates prescribed by  
3 Sections 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest  
4 Act, which amount of tax shall be equivalent to the amount of  
5 tax which, at the prescribed rate per gallon, should have been  
6 paid with respect to the alcoholic liquors or hemp beverages  
7 disposed of in excess of those reported as being taxable. No  
8 earlier than 90 days after the due date of the return, the  
9 Department may compare filed returns, or any amendments  
10 thereto, against reports of sales of alcoholic liquor or hemp  
11 beverage submitted to the Department by other manufacturers  
12 and distributors. If a return or amended return is corrected  
13 by the Department because the return or amended return failed  
14 to disclose the purchase of alcoholic liquor or hemp beverage  
15 from manufacturers or distributors on which the tax provided  
16 for in this Article should have been paid, but has not been  
17 paid, the Department shall issue the taxpayer a notice of tax  
18 liability for the amount of tax claimed by the Department to be  
19 due, together with penalties at the rates prescribed by  
20 Sections 3-3, 3-5, and 3-6 of the Uniform Penalty and Interest  
21 Act. In a case where no return has been filed, the Department  
22 shall determine the amount of tax due according to its best  
23 judgment and information and shall issue the taxpayer a notice  
24 of tax liability for the amount of tax claimed by the  
25 Department to be due as herein provided together with  
26 penalties at the rates prescribed by Sections 3-3, 3-5 and 3-6

1 of the Uniform Penalty and Interest Act. If, in administering  
2 the provisions of this Act, a comparison of a licensee's  
3 return or returns with the books, records and physical  
4 inventories of such licensee discloses a deficiency which  
5 cannot be allocated by the Department to a particular month or  
6 months, the Department shall issue the taxpayer a notice of  
7 tax liability for the amount of tax claimed by the Department  
8 to be due for a given period, but without any obligation upon  
9 the Department to allocate such deficiency to any particular  
10 month or months, together with penalties at the rates  
11 prescribed by Sections 3-3, 3-5 and 3-6 of the Uniform Penalty  
12 and Interest Act, which amount of tax shall be equivalent to  
13 the amount of tax which, at the prescribed rate per gallon,  
14 should have been paid with respect to the alcoholic liquors or  
15 hemp beverages disposed of in excess of those reported being  
16 taxable, with the tax thereon having been paid under which  
17 circumstances the aforesaid notice of tax liability shall be  
18 *prima facie* correct and shall be *prima facie* evidence of the  
19 correctness of the amount of tax due as shown therein; and  
20 proof of such correctness may be made in accordance with, and  
21 the admissibility of a reproduced copy of such notice of the  
22 Department's notice of tax liability shall be governed by, all  
23 the provisions of this Act applicable to corrected returns.

24 If the licensee dies or becomes a person under legal  
25 disability at any time before the Department issues its notice  
26 of tax liability, such notice shall be issued to the

1 administrator, executor or other legal representative, as  
2 such, of the deceased or licensee who is under legal  
3 disability.

4 If such licensee or legal representative, within 60 days  
5 after such notice of tax liability, files a protest to such  
6 notice of tax liability and requests a hearing thereon, the  
7 Department shall give at least 7 days' notice to such licensee  
8 or legal representative, as the case may be, of the time and  
9 place fixed for such hearing and shall hold a hearing in  
10 conformity with the provisions of this Act, and pursuant  
11 thereto shall issue a final assessment to such licensee or  
12 legal representative for the amount found to be due as a result  
13 of such hearing.

14 If a protest to the notice of tax liability and a request  
15 for a hearing thereon is not filed within 60 days after such  
16 notice of tax liability, such notice of tax liability shall  
17 become final without the necessity of a final assessment being  
18 issued and shall be deemed to be a final assessment.

19 Notwithstanding any other provisions of this Act, any  
20 amount paid as tax or in respect of tax paid under this Act  
21 shall be deemed assessed upon the date of receipt of payment.

22 In case of failure to pay the tax, or any portion thereof,  
23 or any penalty provided for herein, when due, the Department  
24 may recover the amount of such tax, or portion thereof, or  
25 penalty in a civil action; or if the licensee dies or becomes a  
26 person under legal disability, by filing a claim therefor

1 against his or her estate; provided that no such claim shall be  
2 filed against the estate of any deceased or of the licensee who  
3 is under legal disability for any tax or penalty or portion  
4 thereof except in the manner prescribed and within the time  
5 limited by the Probate Act of 1975, as amended.

6 The collection of any such tax and penalty, or either, by  
7 any means provided for herein, shall not be a bar to any  
8 prosecution under this Act.

9 In addition to any other penalty provided for in this  
10 Article, all provisions of the Uniform Penalty and Interest  
11 Act that are not inconsistent with this Act apply.

12 (Source: P.A. 103-9, eff. 1-1-24.)

13 (235 ILCS 5/8-6) (from Ch. 43, par. 163b)

14 Sec. 8-6. The Department, or any officer or employee  
15 designated in writing by the Director thereof, for the purpose  
16 of administering and enforcing the provisions of this Act, may  
17 hold investigations and hearings concerning any matters  
18 covered by this Act. In holding or conducting any hearing or  
19 investigation authorized under this Act, the Department or any  
20 officer or employee of the Department designated, in writing,  
21 by the Director thereof, may examine any books, papers,  
22 records or memoranda bearing upon the manufacture,  
23 importation, sale or use of alcoholic liquors or hemp  
24 beverages by any licensee or registrant, and may require the  
25 attendance of such licensee or registrant or of any officer,

1 agent or employee of such licensee or registrant, or of any  
2 person having knowledge of such facts, and may take testimony  
3 and require proof for its information. In the conduct of any  
4 investigation or hearing, neither the Department nor any  
5 officer or employee thereof shall be bound by the technical  
6 rules of evidence, and no informality in any proceeding, or in  
7 the manner of taking testimony, shall invalidate any  
8 assessment, order, decision, rule or regulation made or  
9 approved or confirmed by the Department. The Director of  
10 Revenue or any duly designated officer or employee of the  
11 Department shall have power to administer oaths to such  
12 persons; and the Department shall have the power to issue  
13 subpoenas and subpoenas duces tecum, and the Department, or  
14 any other party to a proceeding pending before the Department,  
15 may apply to the circuit court to compel the attendance and  
16 testimony of witnesses and the production of books, papers,  
17 records and memoranda, by an attachment for contempt as  
18 provided for such purposes in civil cases.

19 The Department or any officer or employee thereof, or any  
20 party in an investigation or hearing before the Department,  
21 may cause the depositions of witnesses within the State to be  
22 taken in the manner prescribed by law for like depositions in  
23 civil actions in courts of this State, and to that end compel  
24 the attendance of witnesses and the production of books,  
25 papers, records and memoranda.

26 The books, papers, records and memoranda of the

Department, or parts thereof, may be proved in any hearing, investigation or judicial proceeding by a reproduced copy thereof under the certificate of the Director of Revenue. Such reproduced copy shall, without further proof, be admitted into evidence before the Department or in any judicial proceeding.

(Source: P.A. 83-334.)

(235 ILCS 5/8-7) (from Ch. 43, par. 163c)

Sec. 8-7. All hearings provided for in Section 8-5 of this Act shall be held in the county wherein the licensee or registrant has his principal place of business; provided, that if the licensee or registrant does not have his or her principal place of business in this State, such hearing shall be held in Sangamon County.

The Circuit Court of the county wherein any hearing is held by the Department shall have power to review all final administrative decisions of the Department in administering the provisions of this Act. If the administrative proceeding which is to be reviewed judicially is a claim for refund proceeding commenced in accordance with Section 8-3 of this Act and Section 2a of "An Act in relation to the payment and disposition of moneys received by officers and employees of the State of Illinois by virtue of their office or employment", approved June 9, 1911, as amended, the Circuit Court having jurisdiction of the proceeding for judicial review under this Section and under the Administrative Review

1 Law, as amended, shall be the same court that entered the  
2 injunction which is provided for in Section 2a of "An Act in  
3 relation to the payment and disposition of moneys received by  
4 officers and employees of the State of Illinois by virtue of  
5 their office or employment", and which enables such claim  
6 proceeding to be processed and disposed of as a claim for  
7 refund proceeding rather than as a claim for credit  
8 proceeding.

9 The provisions of the Administrative Review Law, and all  
10 amendments and modifications thereof, and the rules adopted  
11 pursuant thereto, shall apply to and govern all proceedings  
12 for the judicial review of final administrative decisions of  
13 the Department hereunder. The term "administrative decision"  
14 is defined as in Section 3-101 of the Code of Civil Procedure.

15 Service of summons issued in such review proceeding upon  
16 the Director of Revenue or the Assistant Director of Revenue  
17 of the Department of Revenue shall be service upon the  
18 Department. The Department shall certify the record of its  
19 proceedings if the licensee or registrant shall pay to it the  
20 sum of 75¢ per page of testimony taken before the Department  
21 and 25¢ per page of all other matters contained in such record,  
22 except that these charges may be waived where the Department  
23 is satisfied that the aggrieved party is a poor person who  
24 cannot afford to pay such charges. Provided, however, before  
25 the delivery of such record to the person applying for same,  
26 the payment therefor shall be made as hereinabove provided,

1 and in the event of nonpayment for the record as hereinabove  
2 provided within 30 days after notice that such record is  
3 available, the complaint may be dismissed by the court upon  
4 motion of the Department.

5 No stay order shall be entered by the Circuit Court unless  
6 the plaintiff in the review proceedings shall file with the  
7 court a bond in an amount fixed and approved by the court to  
8 indemnify the State against all loss and injury which may be  
9 sustained by it on account of the review proceedings and to  
10 secure all costs which may be occasioned by such proceedings.

11 Whenever notice is required by this Act, such notice may  
12 be given by United States registered or certified mail with  
13 return receipt requested, addressed to the person concerned at  
14 his or her last known address, and proof of such mailing shall  
15 be sufficient for the purposes of this Act.

16 Whenever any proceeding provided by this Act is commenced  
17 before the Department, either by the Department or by a person  
18 subject to this Act, and such person thereafter dies or  
19 becomes a person under legal disability before such proceeding  
20 is concluded, the legal representative of the deceased or the  
21 guardian of the person under legal disability shall notify the  
22 Department of such death or legal disability. The legal  
23 representative, as such, shall then be substituted by the  
24 Department for such person. If the legal representative fails  
25 to notify the Department of his or her appointment as such  
26 legal representative, the Department may, upon its own motion,

1 substitute such legal representative in the proceeding pending  
2 before the Department for the person who died or became a  
3 person under legal disability.

4 (Source: P.A. 83-345.)

5 (235 ILCS 5/8-9) (from Ch. 43, par. 163e)

6 Sec. 8-9. Tax information; confidentiality. All  
7 information received by the Department from returns filed  
8 under this Act, or from any investigation conducted under this  
9 Act, shall be confidential, except for official purposes, and  
10 any person who divulges any such information in any manner,  
11 except in accordance with a proper judicial order or as  
12 otherwise provided by law, shall be guilty of a Class B  
13 misdemeanor.

14 Nothing in this Act prevents the Director of Revenue from  
15 publishing or making available to the public the names and  
16 addresses of persons filing returns under this Act, or  
17 reasonable statistics concerning the operation of the tax by  
18 grouping the contents of returns so that the information in  
19 any individual return is not disclosed.

20 Nothing in this Act prevents the Director of Revenue from  
21 divulging to the United States Government or the government of  
22 any other state, or any officer or agency thereof, for  
23 exclusively official purposes, information received by the  
24 Department in administering this Act, provided that such other  
25 governmental agency agrees to divulge requested tax

1 information to the Department.

2 The furnishing upon request of information obtained by the  
3 Department from returns filed under this Act or investigations  
4 conducted under this Act to the Illinois Liquor Control  
5 Commission or the Hemp Beverage Commission for official use is  
6 deemed to be an official purpose within the meaning of this  
7 Section.

8 The furnishing upon request of the Auditor General, or his  
9 authorized agents, for official use, of returns filed and  
10 information related thereto under this Act is deemed to be an  
11 official purpose within the meaning of this Section.

12 The furnishing of financial information to a home rule  
13 unit with a population in excess of 2,000,000 that has imposed  
14 a tax similar to that imposed by this Act under its home rule  
15 powers, upon request of the Chief Executive of the home rule  
16 unit, is an official purpose within the meaning of this  
17 Section, provided the home rule unit agrees in writing to the  
18 requirements of this Section. Information so provided is  
19 subject to all confidentiality provisions of this Section. The  
20 written agreement shall provide for reciprocity, limitations  
21 on access, disclosure, and procedures for requesting  
22 information.

23 Nothing contained in this Act shall prevent the Director  
24 from divulging information to any person pursuant to a request  
25 or authorization made by the taxpayer or by an authorized  
26 representative of the taxpayer.

1 (Source: P.A. 94-1074, eff. 12-26-06.)

2 (235 ILCS 5/8-10) (from Ch. 43, par. 164)

3 Sec. 8-10. It is the duty of each manufacturer, hemp  
4 beverage manufacturer, importing distributor, hemp beverage  
5 importing distributor, and foreign importer to keep, at his or  
6 her licensed address or place of business, complete and  
7 accurate records of all sales or other dispositions of  
8 alcoholic liquor or hemp beverage, and complete and accurate  
9 records of all alcoholic liquor or hemp beverage produced,  
10 manufactured, compounded or imported, whether for himself or  
11 for another, together with a physical inventory made as of the  
12 close of each period for which a return is required, covering  
13 all alcoholic liquors or hemp beverages ~~alcoholic liquors~~ on  
14 hand. However, the Department of Revenue may grant an  
15 importing distributor or a hemp beverage importing distributor  
16 a waiver to permit such records to be kept at a central  
17 business location within the State upon written request by the  
18 importing distributor or the hemp beverage importing  
19 distributor. The central business location shall be located at  
20 a licensed importing distributor's or hemp beverage importing  
21 distributor's premises. The Department of Revenue may in its  
22 discretion prescribe reasonable and uniform methods for  
23 keeping such records by manufacturers and importing  
24 distributors and foreign importers.

25 In case of failure by manufacturers, hemp beverage

1       manufacturers, hemp beverage importing distributor, and  
2       importing distributors to keep such records or to make them  
3       available to the Department on demand, the Department shall  
4       determine the amount of tax due according to its best judgment  
5       and information, which amount so determined by the Department  
6       shall be *prima facie* correct, and the Department's notice of  
7       tax liability shall be given, and protest thereto and demand  
8       for a hearing may be made and final assessments arrived at, in  
9       accordance with the provisions of Section 8-5 hereof.

10       It is the duty of each manufacturer, hemp beverage  
11       manufacturer, importing distributor, hemp beverage importing  
12       distributor, and foreign importer, who imports alcoholic  
13       liquor or hemp beverage into the State, and each non-resident  
14       dealer who ships alcoholic liquor or hemp beverage into the  
15       State, to mail to the Department one duplicate invoice,  
16       together with a bill of lading, covering such shipment and  
17       stating the quantity and, except in the case of alcoholic  
18       liquor or hemp beverage imported in bulk to be bottled by an  
19       authorized licensee or registrant in this State using his own  
20       label and brand, the invoice shall also state the brand,  
21       labels and size of containers.

22       It is the duty of each manufacturer, importing distributor  
23       and foreign importer, who imports spirits into the State, and  
24       each non-resident dealer who ships spirits into the State, to  
25       mail to the State Commission monthly a report containing a  
26       compilation of the information required to be furnished to the

1 Department by the preceding paragraph, except that information  
2 concerning spirits imported in bulk need not be included. The  
3 report shall include all information mailed to the Department  
4 during the preceding month.

5 All books and records, which manufacturers, hemp beverage  
6 manufacturers, hemp beverage importing distributors, importing  
7 distributors, non-resident dealers, hemp beverage non-resident  
8 dealers, and foreign importers are required by this Section to  
9 keep, shall be preserved for a period of 3 years, unless the  
10 Department, in writing, authorizes their destruction or  
11 disposal at an earlier date.

12 (Source: P.A. 98-394, eff. 8-16-13.)

13 (235 ILCS 5/8-11) (from Ch. 43, par. 164 1/2)

14 Sec. 8-11. Every person licensed as a non-beverage user  
15 hereunder shall keep books and records which shall be  
16 available to investigators and/or auditors of the Department  
17 during regular business hours, and shall retain such books and  
18 records at his place of business in Illinois for a period of  
19 not less than three years. Such books and records shall be so  
20 kept as correctly to disclose: (a) the quantity and kind of  
21 alcoholic liquors or hemp beverages received, showing the name  
22 and address of the party from whom received and the permit  
23 number on which purchased; (b) the quantity and kind of  
24 alcoholic liquors or hemp beverages used; (c) the quantity and  
25 kind of alcoholic liquors or hemp beverages on hand at the

1 close of each business day; and (d) the names of products or  
2 purposes for which alcoholic liquors or hemp beverages are  
3 used.

4 No non-beverage user shall sell, give away or otherwise  
5 dispose of any alcoholic liquor or hemp beverage purchased  
6 under his license as such non-beverage user, in any form fit  
7 for beverage purposes. Any non-beverage user who shall violate  
8 the provisions of this section shall pay as a penalty to the  
9 Department of Revenue, the sum of \$1.50 for each gallon of  
10 alcoholic liquor or hemp beverage so diverted, and in addition  
11 thereto shall be subject to the penalties provided in Section  
12 10-1 of this Act.

13 (Source: P.A. 83-1428.)

14 (235 ILCS 5/8-12) (from Ch. 43, par. 164 3/4)

15 Sec. 8-12. It shall be the duty of every railroad company,  
16 express company, common or contract carrier, and of every  
17 person, firm or corporation that shall bring, carry or  
18 transport alcoholic liquors or hemp beverages into the State  
19 of Illinois for delivery in said State or which are delivered  
20 in said State, to prepare and file with the Department of  
21 Revenue for each month, not later than the fifteenth day of the  
22 month following that for which it is made, a report stating  
23 therein the name of the company, carrier, person, firm or  
24 corporation making the report, the period of time covered by  
25 said report, the name and business address of each consignor

1 of such alcoholic liquors or hemp beverages, the name and  
2 business address of each consignee of such alcoholic liquors  
3 or hemp beverages, the kind and quantity of alcoholic liquors  
4 or hemp beverages delivered to each consignee, and the date or  
5 dates of delivery. Such report shall be made upon forms  
6 prescribed and made available by the Department and shall  
7 contain such other information as may reasonably be required  
8 by the Department. The Department may establish procedures for  
9 electronic transmissions of such information directly to the  
10 Department. Such reports or information received by the  
11 Department shall be made available by the Department to the  
12 Commission upon the Commission's request.

13 In addition to any other reporting requirement imposed  
14 under this Section, reports shall be filed for shipments to  
15 end consumers in this State. In furtherance of this  
16 requirement, it shall be the duty of every railroad company,  
17 express company, common or contract carrier, person, firm, or  
18 corporation that brings, carries, or transports alcoholic  
19 liquor or hemp beverage into Illinois for delivery in Illinois  
20 to prepare and file with the Department for each month, not  
21 later than the fifteenth day of the month following the month  
22 during which the delivery is made, a report containing the  
23 name of the company, carrier, person, firm, or corporation  
24 making the report, the period of time covered by the report,  
25 the name and business address of each consignor of the  
26 alcoholic liquor or hemp beverage, the name and the address of

1 each consignee, and the date of delivery. Such reports shall  
2 be made upon forms prescribed and made by the Department and  
3 shall contain any other information that the Department may  
4 reasonably require. Such reports or information received by  
5 the Department shall be made available by the Department to  
6 the State Commission upon the State Commission's request.

7 Every railroad company, express company, common or  
8 contract carrier, person, firm, or corporation filing or  
9 required to file a report under this Section shall deliver and  
10 make available to the Department, upon the Department's  
11 request, the records supporting the report, within 30 days of  
12 the request. The books, records, supporting papers and  
13 documents containing information and data relating to such  
14 reports shall be kept and preserved for a period of 3 ~~three~~  
15 years, unless their destruction sooner is authorized, in  
16 writing, by the Director, and shall be open and available to  
17 inspection by the Director of Revenue or the Commission or any  
18 duly authorized officer, agent or employee of the Department  
19 or the Commission, at all times during business hours of the  
20 day.

21 Any person who violates any of the provisions of this  
22 section or any of the rules and regulations of the Department  
23 for the administration and enforcement of the provisions of  
24 this section is guilty of a Class C misdemeanor. In case of a  
25 continuing violation each day's continuance thereof shall be a  
26 separate and distinct offense.

1 (Source: P.A. 92-380, eff. 1-1-02.)

2 (235 ILCS 5/8-14) (from Ch. 43, par. 165a)

3 Sec. 8-14. All of the provisions of Sections 5a, 5b, 5c,  
4 5d, 5e, 5f, 5g, 5h, 5i and 5j of the Retailers' Occupation Tax  
5 Act and Section 3-7 of the Uniform Penalty and Interest Act,  
6 are by reference incorporated in and made a part of this  
7 Article VIII as fully as though written herein; provided that  
8 wherever in those Sections of the Retailers' Occupation Tax  
9 Act, reference is made to a "retailer or hemp beverage  
10 retailer" such reference shall, for the purposes of this  
11 Article, be deemed to refer to a licensee or registrant  
12 licensee under this Act.

13 (Source: P.A. 87-205.)

14 (235 ILCS 5/Art. XIII heading new)

15 ARTICLE XIII. HEMP BEVERAGES

16 (235 ILCS 5/Art. XIII Pt. 1 heading new)

17 Part 1. Construction; definitions; scope.

18 (235 ILCS 5/13-101 new)

19 Sec. 13-101. Construction of Article. This Article shall  
20 be liberally construed, to the end that the health, safety,  
21 and welfare of the People of the State of Illinois shall be  
22 protected and temperance in the consumption of hemp beverages

1       shall be fostered and promoted by sound and careful control  
2       and regulation of the manufacture, sale, and distribution of  
3       non-alcoholic intoxicating beverages.

4                   (235 ILCS 5/13-105 new)

5       Sec. 13-105. Definitions. For purposes of this Article and  
6       Article 8 only:

7       "Batch" means a specific quantity of a specific  
8       cannabinoid product that is manufactured during the same batch  
9       cycle.

10       "Co-branded hemp beverages" means any hemp beverage  
11       containing the same or similar brand name, logo, or packaging  
12       as a non-intoxicating beverage.

13       "Hemp beverage" means a finished product for sale to  
14       consumer within the State that contains up to 10 milligrams  
15       per individual container of no less than 7.5 ounces of delta-9  
16       tetrahydrocannabinol derived from any naturally occurring  
17       cannabinoids found in hemp, as hemp is defined in the  
18       Agriculture Improvement Act of 2018, Pub. L. No. 115-334, 132  
19       Stat. 4490 (2018), is intended for human consumption as a  
20       beverage, and meets the packaging, labeling, and testing  
21       requirements of this Article. A hemp beverage may only contain  
22       naturally derived delta-9 THC, CBD, CBG, THCV, or CBN.

23       "Hemp beverage distributor" means a distributor licensed  
24       under this Act that has registered as a hemp beverage  
25       distributor under the applicable provisions of this Article. A

1       hemp beverage distributor may only make purchases from hemp  
2       beverage manufacturers and resell hemp beverages to hemp  
3       beverage retailers.

4       "Hemp beverage importing distributor" means an importing  
5       distributor licensed under this Act that has registered as a  
6       hemp beverage importing distributor under the applicable  
7       provisions of this Article. A hemp beverage importing  
8       distributor may only make purchases from hemp beverage  
9       non-resident dealers.

10       "Hemp beverage manufacturer" means a manufacturer licensed  
11       under this Act, or a non-licensee, that has registered as a  
12       manufacturer of hemp beverages within this State under the  
13       applicable provisions of this Article. A hemp beverage  
14       manufacturer may only make sales to hemp beverage distributors  
15       unless otherwise provided in this Article.

16       "Hemp beverage non-resident dealer" means a non-resident  
17       dealer licensed under this Act, or a non-licensee, that has  
18       registered as manufacturer of hemp beverages without this  
19       State under the applicable provisions of this Article. A hemp  
20       beverage non-resident dealer may only make sales to hemp  
21       beverage importing distributors unless otherwise provided in  
22       this Article.

23       "Hemp beverage retailer" means a retailer, brew pub,  
24       distilling pub, or wine-maker's premises licensed under this  
25       Act that has registered as a hemp beverage retailer under the  
26       applicable provisions of this Article and that may only make

1 purchases from hemp beverage distributors, self-distributing  
2 hemp beverage manufacturers, or hemp beverage non-resident  
3 dealers and may resell hemp beverages to non-licensees and  
4 non-registrants. For the purpose of further describing the  
5 type of business conducted at a hemp beverage retail premises,  
6 a hemp beverage retailer may be designated by the Hemp  
7 Beverage Commission as (i) an on-premises consumption hemp  
8 beverage retailer, (ii) an off-premise sale hemp beverage  
9 retailer, or (iii) a combined on-premises consumption and  
10 off-premises sale hemp beverage retailer.

11 "Intermediate hemp product" means a product that is made  
12 from hemp concentrate or hemp extract that may only be sold to  
13 hemp manufacturers and not to non-registrants or non-licensees  
14 to be used as ingredients for other intermediate hemp products  
15 or hemp beverages.

16 "Intoxicating beverages" includes alcoholic beverages and  
17 hemp beverages.

18 "Non-alcoholic intoxicating beverage" means a hemp  
19 beverage.

20 "Synthetic cannabinoid" means a cannabinoid-like compound  
21 that was produced using chemical synthesis, chemical  
22 modification, or chemical conversion, including in vitro  
23 biosynthesis or other bioconversion of such a method.  
24 "Synthetic cannabinoid" includes cannabinoids converted from  
25 one chemical structure into another, such as  
26 tetrahydrocannabinol produced by the conversion of

1       cannabidiol.

2       "THC" means delta-9-tetrahydrocannabinol derived from any  
3       naturally occurring cannabinoids found in hemp.

4       (235 ILCS 5/13-1010 new)

5       Sec. 13-1010. Scope. No person shall manufacture, bottle,  
6       blend, sell, barter, transport, transfer into this State from  
7       a point outside this State, deliver, furnish, or possess any  
8       hemp beverage unless such person has registered with the Hemp  
9       Beverage Commission in compliance with this Article or except  
10      as otherwise specifically provided in this Article.

11      (235 ILCS 5/Art. XIII Pt. 2 heading new)

12      Part 2. Hemp Beverage Commission.

13      (235 ILCS 5/13-201 new)

14      Sec. 13-201. Creation of the Hemp Beverage Commission.  
15      There is hereby created a Hemp Beverage Commission, which  
16      shall be a division of the State Commission, consisting of 3  
17      members to be appointed by the Governor with the advice and  
18      consent of the Senate. The Executive Director of the State  
19      Commission shall be the Executive Director of the Hemp  
20      Beverage Commission. The Executive Director of the Hemp  
21      Beverage Commission shall have authority to use the staff of  
22      the State Commission to effectively administer this Article.

1 (235 ILCS 5/13-202 new)

2 Sec. 13-202. Appointments; terms; vacancies. As soon as  
3 practical after the effective date of this amendatory Act of  
4 the 104th General Assembly, the Chairman of the State  
5 Commission shall be the Chairman of the Hemp Beverage  
6 Commission and, in addition, the Governor shall appoint one  
7 representative of the Department of Public Health and one  
8 representative of the Department of Agriculture. The Chairman  
9 shall hold office for the same term as Chairman of the State  
10 Commission and each other member to hold office for a period of  
11 4 years. Except for the Chairman, at the expiration of the term  
12 of any commissioner, the Governor shall reappoint that  
13 commissioner or appoint a successor of that commissioner for a  
14 period of 6 years.

15 (235 ILCS 5/13-203 new)

16 Sec. 13-203. Quorum; Secretary. A majority of the Hemp  
17 Beverage Commission shall constitute a quorum to transact  
18 business, but no vacancy shall impair the right of the  
19 remaining commissioners to exercise all of the powers of the  
20 Hemp Beverage Commission; and every act of a majority of the  
21 members of the Hemp Beverage Commission shall be deemed to be  
22 the act of the Hemp Beverage Commission. The secretary of the  
23 State Commission shall be the secretary of the Hemp Beverage  
24 Commission who shall keep a record of all proceedings,  
25 transactions, communications, and official acts of the Hemp

1       Beverage Commission and who shall be custodian of all records  
2       and perform such other duties as the Hemp Beverage Commission  
3       may prescribe.

4                   (235 ILCS 5/13-204 new)

5       Sec. 13-204. Authority and powers. The Hemp Beverage  
6       Commission shall have the same authority conferred upon the  
7       State Commission under this Act with respect to alcoholic  
8       liquor as provided in Sections 3-4 and 3-4.1 but only with  
9       respect to hemp beverages and shall use the personnel of the  
10       State Commission in the exercise of its authority under this  
11       Article. Sections 3-5, 3-6, 3-7, 3-8, 3-9, 3-10, and 3-11 of  
12       this Act apply to the Hemp Beverage Commission.

13                   (235 ILCS 5/13-205 new)

14       Sec. 13-205. Additional powers and duties. The Hemp  
15       Beverage Commission shall have the same authority conferred  
16       upon the State Commission under this Act with respect to  
17       alcoholic liquor as provided in Section 3-12 with but only  
18       respect to hemp beverages. The Hemp Beverage Commission shall  
19       also have the following powers, functions, and duties:

20       (1) To receive applications and approve registrations  
21       under this Article to hemp beverage manufacturers, hemp  
22       beverage non-resident dealers, hemp beverage importing  
23       distributors, hemp beverage distributors, on-premises  
24       consumption hemp beverage retailers, off-premises sale hemp

1 beverage retailers, and to suspend or revoke such  
2 registrations upon the Hemp Beverage Commission's  
3 determination, upon notice after hearing, that a registrant  
4 has violated any provision of this Act or any State law, local  
5 law, or rule or regulation issued pursuant thereto and in  
6 effect for 30 days prior to such violation relating to hemp  
7 beverages. Any action by the Hemp Beverage Commission to  
8 suspend or revoke a registration shall be limited to the  
9 registration related to hemp beverages. An action for a  
10 violation of this Article shall be commenced by the Hemp  
11 Beverage Commission within 2 years after the date the Hemp  
12 Beverage Commission knew or could have known of the violation.

13 (2) To adopt such rules consistent with the provisions of  
14 this Article as it relates to hemp beverages that are  
15 necessary to carry on its functions and duties to the end that  
16 the health, safety and welfare of the People of the State of  
17 Illinois shall be protected and temperance in the consumption  
18 of hemp beverages shall be fostered and promoted and to  
19 distribute copies of such rules and regulations to all  
20 licensees affected thereby.

21 (3) (A) A hemp beverage manufacturer or a hemp beverage  
22 non-resident dealer that annually manufactures less than  
23 25,000 gallons of hemp beverages may make application to the  
24 Hemp Beverage Commission for a self-distribution exemption to  
25 allow the sale of not more than 25,000 gallons per year of the  
26 exception holder's hemp beverages to retail licensees only.

1                   (B) In the application for a self-distribution exemption,  
2                   which shall be sworn under penalty of perjury, the hemp  
3                   beverage manufacturer or hemp beverage non-resident dealer  
4                   shall state (1) the date it was established; (2) its volume of  
5                   hemp beverages manufactured and sold for each year since its  
6                   establishment; (3) its efforts to establish hemp beverage  
7                   distributor relationships; (4) that a self-distribution  
8                   exemption is necessary to facilitate the marketing of its hemp  
9                   beverages; and (5) that it will comply with the hemp beverage  
10                   and revenue laws of the United States, this State, and any  
11                   other state where it is licensed or registered.

12                   (C) Any application submitted shall be posted on the Hemp  
13                   Beverage Commission's website at least 45 days prior to action  
14                   by the Hemp Beverage Commission. The Hemp Beverage Commission  
15                   shall approve the application for a self-distribution  
16                   exemption if the hemp beverage manufacturer or the hemp  
17                   beverage non-resident dealer: (1) is in compliance with the  
18                   State, revenue, and hemp beverage laws; (2) is not a member of  
19                   any affiliated group that manufactures, directly or  
20                   indirectly, more than 25,000 gallons of its hemp beverages;  
21                   (3) shall not annually manufacture for sale more than 25,000  
22                   of hemp beverages; (4) shall not annually sell more than  
23                   25,000 gallons of its hemp beverages to hemp beverage  
24                   retailers; and (5) pursuant to subsection (e) of Section 6-4  
25                   of this Act, shall have the same privilege as beer  
26                   manufacturers to sell hemp beverages, which the hemp beverage

1 manufacture has manufactured, to non-licensees at their  
2 manufacturing premises and may fill a container holding up to  
3 15.5 gallons of hemp beverages for on-premises draft service,  
4 and may sell draft hemp beverages to non-licensees for  
5 on-premises consumption only in no less than 7.5 ounce serving  
6 sizes containing no more than 5 mg of THC per serving, except  
7 with respect to item (ii) of subsection (e) of Section 6-4, a  
8 hemp beverage manufacturer may not sell the hemp beverages it  
9 does not manufacture.

10 (D) A self-distribution exemption holder shall annually  
11 certify to the Hemp Beverage Commission its production of hemp  
12 beverages in the previous 12 months and its anticipated  
13 production and sales for the next 12 months. The Hemp Beverage  
14 Commission may fine, suspend, or revoke a self-distribution  
15 exemption after a hearing if it finds that the exemption  
16 holder has made a material misrepresentation in its  
17 application, violated a revenue law of Illinois or hemp  
18 beverage laws, exceeded production of 25,000 gallons of hemp  
19 beverages, or become part of an affiliated group producing  
20 more than 25,000 gallons of hemp beverages.

21 (E) Except in hearings for violations of this Article  
22 related to hemp beverages or bona fide investigation by duly  
23 sworn law enforcement officials, the Hemp Beverage Commission,  
24 or its agents, shall maintain the production and sales  
25 information of a self-distribution exemption holder as  
26 confidential and shall not release such information to any

1       person.

2       (4) The Hemp Beverage Commission shall adopt rules  
3       governing self-distribution exemptions consistent with this  
4       Section and this Article.

5       (5) Nothing in this Section shall prohibit a hemp beverage  
6       manufacturer or hemp beverage non-resident dealer with a  
7       self-distribution exemption from entering into or  
8       simultaneously having a distribution agreement with a  
9       registered hemp beverage distributor.

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

18       (235 ILCS 5/Art. XIII Pt. 3 heading new)

19           Part 3. Registration.

20       (235 ILCS 5/13-301 new)

21       Sec. 13-301. Home rule preemption. A home rule unit may  
22       not regulate hemp beverages or the registrants under this  
23       Article. This Section is a limitation under subsection (i) of  
24       Section 6 of Article VII of the Illinois Constitution on the

1 concurrent exercise by home rule units of powers and functions  
2 exercised by the State. A non-home rule municipality may not  
3 regulate hemp beverages or registrants pursuant to this  
4 Article. Accordingly, Article 4 of this Act shall not apply to  
5 registrations pursuant to this Article. Article 7 shall not  
6 apply to registrations except with respect to Sections 7-2,  
7 7-3, 7-4, 7-6, 7-10, 7-11, and 7-14, which shall apply to hemp  
8 beverages in the same manner as alcoholic beverages. Article 9  
9 of this Act does not apply to registrations.

10 (235 ILCS 5/13-302 new)

11 Sec. 13-302. Registration issuance. If an applicant for  
12 registration as a hemp beverage manufacturer, a hemp beverage  
13 non-resident dealer, a hemp beverage importing distributor,  
14 hemp beverage distributor, or a hemp beverage retailer is a  
15 licensee under the applicable provisions of this Act, and has  
16 made application to the Hemp Beverage Commission in conformity  
17 with this Article and paid the registration fee required, it  
18 shall be the duty of the Hemp Beverage Commission to issue a  
19 hemp beverage registration to that applicant; except that, the  
20 Hemp Beverage Commission shall refuse the issuance to a person  
21 not licensed as a manufacturer of alcoholic liquor within this  
22 State, as a non-resident dealer, as an importing distributor,  
23 as a distributor, as a retailer, except as provided in Section  
24 13-304, or upon renewal of applicable license under this Act,  
25 upon notice and after hearing, upon the grounds authorized in

Section 6-3 of this Act, and, provided further, that the issuance of such registration shall not prejudice the Hemp Beverage Commission's action in subsequently suspending or revoking such registration if it is determined by the Hemp Beverage Commission, upon notice and after hearing, that the registration has, within the same or the preceding registration period, violated any provision of this Article or any rule adopted thereunder and in effect for 30 days prior to such violation. The Hemp Beverage Commission shall suspend or revoke a registration if the State Commission has suspended or revoked the license of a registrant under this Article. The Hemp Beverage Commission shall not have the authority to fine, suspend, or revoke any liquor license issued pursuant to this Act. The Hemp Beverage Commission shall refuse to renew a registration if as a registrant or a licensee has failed to pay an offer in compromise, pre-disciplinary settlement, or a fine imposed by order of the State Commission or the Hemp Beverage Commission.

(235 ILCS 5/13-303 new)

Sec. 13-303. Registration approval. Any applicant for registration licensed as a manufacturer, a non-resident dealer, an importing distributor, a distributor, or a retailer shall register with the Hemp Beverage Commission in a form and in a manner prescribed by the Hemp Beverage Commission. The Hemp Beverage Commission shall approve any application for

1 registration within 14 days upon the applicant providing  
2 evidence that: (1) the applicant is duly licensed by the State  
3 Commission pursuant to this Act; (2) the applicant is licensed  
4 as a manufacturer, non-resident dealer, importing distributor,  
5 distributor, or retailer; (3) the applicant is in good  
6 standing with the Department of Revenue; and (4) provides  
7 affirmation that it is in compliance with the requirements in  
8 this Article.

9 (235 ILCS 5/13-304 new)

10 Sec. 13-304. Registration application. Any applicant that  
11 manufactures hemp beverages within this State or outside this  
12 State, if not licensed under this Act, and no other person, may  
13 submit an application for registration to the Hemp Beverage  
14 Commission in a form and in a manner prescribed by the Hemp  
15 Beverage Commission. The Hemp Beverage Commission shall have  
16 authority to administer any application and to issue rules  
17 relating to the process, approval and in the event of denial, a  
18 hearing regarding any denial of an application for  
19 registration. Any denial by the Hemp Beverage Commission is  
20 subject to the Administrative Review Law.

21 (235 ILCS 5/13-305 new)

22 Sec. 13-305. Registration classifications.

23 (a) Registration issued by the Hemp Beverage Commission  
24 shall be of the following classes and fees:

- 1        (1) Hemp beverage manufacturer; fee \$2,500.
- 2        (2) Hemp beverage non-resident dealer; fee \$2,500.
- 3        (3) Hemp beverage importing distributor; fee \$1,250.
- 4        (4) Hemp beverage distributor; fee \$1,250.
- 5        (5) Hemp beverage retailer; fee \$750.

6        This subsection (a) is inoperative on and after January 1,  
7        2031.

8        (b) Beginning January 1, 2031, registration issued by the  
9        Hemp Beverage Commission shall be of the following classes and  
10        fees:

- 11        (1) Hemp beverage manufacturer; fee \$500.
- 12        (2) Hemp beverage non-resident dealer; fee \$250.
- 13        (3) Hemp beverage importing distributor; fee \$250.
- 14        (4) Hemp beverage distributor; fee \$250.
- 15        (5) Hemp beverage retailer; fee \$100.

16        (b-5) Fees collected under this Section shall be paid into  
17        the Dram Shop Fund.

18        (c) Registrations shall be valid from the date of issuance  
19        through the last day of the 11th month that begins after the  
20        month in which the registration is issued unless sooner  
21        revoked or suspended as provided in this Act. Registrations  
22        shall state thereon the class to which they belong, the names  
23        of the registrant, and the addresses and description of the  
24        premises for which they are granted and shall state the dates  
25        of their issuance and expiration.

26        (d) In the event of the loss or destruction of a

1 registration certificate issued pursuant to this Section, the  
2 Hemp Beverage Commission, upon written application stating  
3 such fact and accompanied by the required fee, shall issue a  
4 duplicate of the registration. A duplicate registration must  
5 also be obtained if a registrant is transferring a  
6 registration with its license pursuant to Section 7-14. The  
7 fee for the issuance of a duplicate registration shall be \$12  
8 if the original registration fee was \$200 or less and \$24 if  
9 the original registration fee was more than \$200.

10 (e) If a registrant fails to submit a registration renewal  
11 application to the Hemp Beverage Commission before or on the  
12 expiration date of the current registration, the registrant  
13 shall be assessed a late filing fee of \$25. Late applications  
14 and instruments of payment shall be returned to the  
15 registrant. Late filing fees shall be in addition to any fines  
16 or penalties ordered for operating without a valid  
17 registration.

18 (235 ILCS 5/13-306 new)

19 Sec. 13-306. Hemp manufacturer registration. A hemp  
20 manufacturer registration shall allow the manufacture,  
21 importation in bulk, storage, distribution, and sale of hemp  
22 beverages to persons without the State, as may be permitted by  
23 law and to hemp registrants in this State as follows:

24 (1) A hemp beverage manufacturer may make sales and  
25 deliveries of hemp beverages to hemp beverage

1       distributors, hemp beverage non-resident dealers, and to  
2       importing distributors in containers not larger than 16  
3       fluid ounces, including any hemp beverages that subsection  
4       (e) of Section 6-4 authorizes a hemp beverage manufacturer  
5       to sell in its original package only to a non-registrant  
6       or non-licensee for pick-up by a non-registrant or  
7       non-licensee either within the interior of the hemp  
8       beverage manufacturer premises or at outside of the hemp  
9       beverage manufacturer premises at a curb-side or parking  
10      lot adjacent to the hemp beverage manufacturer premises.

11      (2) A hemp beverage distributor's registration shall  
12      allow the wholesale purchase from hemp beverage  
13      manufacturers and storage of hemp beverages and sale of  
14      hemp beverages to hemp beverage retailers in this State  
15      and to persons without the State, as may be permitted by  
16      law. No person licensed as a distributor shall be granted  
17      a hemp beverage non-resident dealer's license.

18      (3) A hemp beverage importing distributor shall allow  
19      the importation of hemp beverages by the registrant into  
20      this State from any point in the United States outside  
21      this State, and the purchase of hemp beverage in  
22      containers not more than 16 fluid ounces. The hemp  
23      beverage importing distributor's registration shall permit  
24      such registrant to purchase hemp beverages from Illinois  
25      hemp beverage non-resident dealers only. No person  
26      licensed as a hemp beverage importing distributor shall be

1                   granted a hemp beverage non-resident dealer's license.

2                   (4) A hemp beverage retailer's registration shall  
3                   allow the registrant to sell and offer for sale at retail,  
4                   only in the premises specified in the retail liquor  
5                   license, hemp beverages not to exceed 5 mg of THC in a  
6                   container not less than 7.5 ounces for on-premises  
7                   consumption and not to exceed 10 mg of THC in a container  
8                   not less than 7.5 ounces for off-premises consumption, but  
9                   not for resale in any form.

10                   (235 ILCS 5/13-307 new)

11                   Sec. 13-307. Prohibitions.

12                   (a) It is a violation of this Article for any hemp beverage  
13                   retailer to deliver to a non-licensee or non-registrant for  
14                   on-premises consumption any hemp beverage in combination, in  
15                   any way, with any alcoholic beverage.

16                   (b) All permitted happy hours under Section 6-28.5 are  
17                   prohibited in connection with hemp beverages.

18                   (c) All sales to non-registrants and non-licensees of any  
19                   hemp beverages shall be in person and may not be given, sold,  
20                   transferred, or delivered to any non-registrant or  
21                   non-licensee via any electronic or Internet marketplace, or  
22                   any location outside of the registrant's premises other than  
23                   as provided in this Article. A hemp beverage retailer may not  
24                   ship or deliver hemp beverages.

25                   (d) A hemp beverage manufacturer registration shall only

1 permit the manufacturer to sell hemp beverages at retail on  
2 the premises actually occupied by the hemp beverage  
3 manufacturer.

4 (e) No hemp beverage may be given, sold, transferred, or  
5 delivered to any person under 21 years of age. A hemp beverage  
6 retailer shall refuse to sell hemp beverage to any person  
7 unless the person produces a government-issued identification  
8 showing that the person is 21 years of age or older, which must  
9 be verified at the point of sale.

10 (f) No person shall process, manufacture, label,  
11 distribute for sale, sell, offer for sale, market, or  
12 advertise any hemp beverage within this State without  
13 obtaining a registration under this Article.

14 (g) A registrant shall distribute for sale or offer for  
15 sale intermediate hemp products to a person or entity that is  
16 not registered as a hemp beverage manufacturer under this  
17 Article. A registrant shall not market or advertise  
18 intermediate hemp products for purchase by any hemp beverage  
19 retailer, non-licensee, or non-registrant.

20 (h) A registrant shall not process, manufacture,  
21 distribute for sale, sell, offer for sale, market, or  
22 advertise any hemp beverage unless the product complies with  
23 the labeling, packaging, minimum testing, and other  
24 requirements of this Article and any administrative rules  
25 adopted by the Hemp Beverage Commission.

26 (i) A product that has a THC concentration greater than

1       the limits of 10 mg in a container not less than 7.5 ounces set  
2       forth for hemp beverages shall be regulated as cannabis as  
3       defined in the Cannabis Regulation and Tax Act, whether or not  
4       the product is made with or derived from hemp, industrial  
5       hemp, or derived from natural or synthetic sources.

6       (j) Hemp beverages shall not be sold within this State if  
7       hemp cannabinoid, THC, or other contaminants are detected at  
8       levels greater than provided for by this Article or rules or  
9       guidance adopted by the Department of Public Health.

10      (235 ILCS 5/13-308 new)

11      Sec. 13-308. Hemp beverage requirements.

12      (a) Hemp beverages manufactured, processed, distributed,  
13      sold, or offered for sale in this State shall:

14       (1) be manufactured in accordance with this Article;

15       (2) be subject to the following minimum requirements:

16           (A) contain a total THC concentration of no  
17           greater than 10 mg in a container not less than 7.5  
18           ounces, and 60 mg of THC per package for products sold  
19           in multiple servings or units, for any beverage that  
20           is intended for human consumption by any means;

21           (B) not contain any alcoholic liquor;

22           (C) not contain added caffeine, tobacco, or  
23           nicotine in the product;

24           (D) accurately reflect testing results and not  
25           contain less than 90% or more than 110% of the

1                   concentration of total cannabinoid content as listed  
2                   on the product label;

3                   (E) be prepackaged and not added to food or any  
4                   other consumable products at the point of sale; and

5                   (F) comply with product testing standards set  
6                   forth in this Article.

7                   (b) A hemp beverage manufacturer shall do all of the  
8                   following with regard to hemp beverages manufactured,  
9                   processed, distributed, sold, or offered for sale in this  
10                   State:

11                   (A) maintain sufficient records to demonstrate that  
12                   any hemp or hemp extract used by the licensee was grown,  
13                   derived, extracted, and transported in accordance with  
14                   applicable laws and licensing requirement of the  
15                   jurisdiction or jurisdictions from which such hemp or hemp  
16                   extract was sourced and for hemp received from an  
17                   out-of-state grower, processors shall also maintain  
18                   records of the out-of-state grower registration or license  
19                   number in the respective jurisdiction;

20                   (B) keep all designated extracting and manufacturing  
21                   areas safe and sanitary, including, but not limited to,  
22                   ensuring that those areas are adequately lit, cleaned, and  
23                   smoke-free;

24                   (C) not use, in the extraction or manufacturing of any  
25                   hemp beverage, synthetic cannabinoids, artificially  
26                   derived cannabinoids, or tetrahydrocannabinol created

1                   through isomerization;

2                   (D) maintain any and all records required by this Act  
3                   for at least 3 years and immediately produce such records  
4                   upon request of the Hemp Beverage Commission; and

5                   (E) be intended for consumption as a beverage and not  
6                   derived from any powder.

7                   (c) The Hemp Beverage Commission may adopt rules in  
8                   accordance with the Illinois Administrative Procedure Act and  
9                   prescribe forms relating to the administration and enforcement  
10                   of this Article as it deems appropriate. The Hemp Beverage  
11                   Commission and the Department of Revenue shall implement the  
12                   applicable provisions of this amendatory Act of the 104th  
13                   General Assembly on or before January 1, 2026.

14                   (235 ILCS 5/Art. XIII Pt. 4 heading new)

15                   Part 4. Labeling; testing; advertising.

16                   (235 ILCS 5/13-401 new)

17                   Sec. 13-401. Hemp beverage labeling and testing standards.

18                   (a) A hemp beverage distributed or offered for retail sale  
19                   in this State shall include the following information on the  
20                   product label or packaging:

21                   (1) information that complies with the requirements of  
22                   21 CFR 101 and a nutritional or supplement fact panel that  
23                   is based on the number of servings within the container;

24                   (2) a list of all ingredients in descending order of

1                   predominance by weight in the product;

2                   (3) the serving size and number of servings per  
3                   package or container, including the milligrams per serving  
4                   of:

5                   (A) individual hemp cannabinoids;

6                   (B) total hemp cannabinoids;

7                   (C) individual THC cannabinoids; and

8                   (D) total THC;

9                   (4) a batch number or code;

10                   (5) the expiration date of the hemp beverage;

11                   (6) the name of the business for whom the product is  
12                   produced;

13                   (7) a scannable QR code linked to download the  
14                   certificate of analysis and testing results for the  
15                   product; and

16                   (8) any other marking, statement, or symbol required  
17                   by the Hemp Beverage Commission.

18                   (b) No hemp beverage offered for retail sale shall be made  
19                   attractive to individuals under 21 years of age, imitate a  
20                   candy label, or use cartoons or other images popularly used to  
21                   advertise to children or otherwise be marketed to individuals  
22                   under 21 years of age.

23                   (c) No hemp beverage shall be marketed, advertised, or  
24                   offered for sale in a manner that:

25                   (1) would cause a reasonable consumer to be confused  
26                   as to whether the hemp beverage is trademarked, marked, or

1                   labeled in a manner that violates any federal trademark  
2                   law or regulation;

3                   (2) would cause a reasonable consumer to believe that  
4                   a hemp beverage product is cannabis, medical cannabis, or  
5                   that a registrant is authorized to sell or dispense  
6                   cannabis or medical cannabis, as those terms are defined  
7                   in the Cannabis Regulation and Tax Act or the  
8                   Compassionate Use of Medical Cannabis Program Act;

9                   (3) is false or misleading;

10                   (4) promotes excessive consumption;

11                   (5) depicts a person under 21 years of age consuming  
12                   cannabis or hemp beverage;

13                   (6) includes the image of a cannabis leaf or hemp  
14                   leaf, however, cannabis leaves when used as part of a  
15                   warning are exempt from this prohibition;

16                   (7) includes any image designed or likely to appeal to  
17                   minors, including cartoons, fruits, toys, animals, or  
18                   children, or any other likeness to images, characters, or  
19                   phrases that are popularly used to advertise to children,  
20                   or any packaging or labeling that bears reasonable  
21                   resemblance to any product available for consumption as a  
22                   commercially available candy or that promotes consumption  
23                   of cannabis or hemp beverage;

24                   (8) includes any image or name of an alcoholic  
25                   beverage, or any other likeness to images, characters, or  
26                   phrases that are popularly used to advertise alcoholic

1        beverages; or

2        (9) contains any seal, flag, crest, coat of arms, or  
3        other insignia likely to mislead the purchaser to believe  
4        that the product has been endorsed, made, or used by the  
5        State or any of its representatives, except when  
6        authorized by this Article.

7        (d) Hemp beverages offered for retail sale shall include  
8        the following warnings on the product label or packaging in a  
9        manner that is clear and conspicuous:

10        (1) this product must be kept out of the reach of  
11        children and pets;

12        (2) this product is derived from hemp and may contain  
13        THC which could result in a failed drug test;

14        (3) this product has not been evaluated or approved by  
15        the Food and Drug Administration for safety or efficacy;  
16        and

17        (4) if you are pregnant or nursing you should consult  
18        your health care provider before use.

19        (e) All hemp beverage shall be tested by a laboratory with  
20        a valid ISO/IEC 17025 accreditation for the premises and for  
21        the testing of one or more of the analytes; maintain a valid  
22        scope of accreditation, issued by an accreditation body, that  
23        attests to the laboratory's competence to perform testing of  
24        hemp cannabinoid products; maintain method validation reports  
25        for all testing performed; maintain standard operating  
26        procedures for the sampling of hemp cannabinoid products; and

1 maintain testing methodologies to ascertain the presence of  
2 intermediate hemp products, hemp extract or hemp concentrate.

3 (f) The Hemp Beverage Commission shall make available a  
4 list of required analytes, their acceptable limits, and  
5 approved testing methods on the Hemp Beverage Commission's  
6 website and in any other manner as determined by the Hemp  
7 Beverage Commission.

8 (g) The total THC concentration for hemp beverage shall  
9 not exceed the limits established in this Article.

10 (235 ILCS 5/13-402 new)

11 Sec. 13-402. Hemp beverage advertising requirements. An  
12 advertisement or display for hemp beverages shall not:

13 (1) include any false or misleading statements,  
14 images, or other content, including, but not limited to,  
15 any health claims;

16 (2) contain claims that hemp consumption or a hemp  
17 beverage can or is intended to diagnose, cure, mitigate,  
18 treat, or prevent disease;

19 (3) lead a reasonable consumer to believe that a hemp  
20 cannabinoid product is cannabis or medical cannabis,  
21 including any product that exceeds the THC limits  
22 established under this Article for lawful hemp cannabinoid  
23 products, or that a registrant is authorized to sell or  
24 dispense cannabis or medical cannabis;

25 (4) have the purpose or effect of targeting or being

1       attractive to individuals under 21 years of age. The use  
2       of images of children or minors consuming hemp beverage  
3       products and the use of words, designs, or brands that  
4       resemble products commonly associated with children or  
5       minors, or marketed to children or minors, is prohibited;  
6       or

7       (5) lead a reasonable person to believe that a hemp  
8       cannabinoid product is an alcoholic product, including any  
9       image of an alcoholic beverage, or any other likeness to  
10       images, characters, names, or phrases that are popularly  
11       used to advertise alcoholic beverages.

12       (235 ILCS 5/Art. XIII Pt. 5 heading new)

13       Part. 5. Applicability of other provisions.

14       (235 ILCS 5/13-501 new)

15       Sec. 13-501. Applicability to registrants and  
16       non-licensees. To the extent a person is a registrant or  
17       non-licensee under this Act, Article VI and Article X of this  
18       Act shall apply to the registrant in the same manner as a  
19       manufacturer that is a brewer with a hemp beverage  
20       registration, unless otherwise provided in this Article.

21       (235 ILCS 5/13-502 new)

22       Sec. 13-502. Merchandising credits. Pursuant to Section  
23       6-5, a hemp beverage retailer may receive a merchandising

1       credit of no more than 30 days from any hemp beverage  
2       manufacturer, hemp beverage non-resident dealer, hemp beverage  
3       importing distributor, or hemp beverage distributor.

4                   (235 ILCS 5/13-503 new)

5       Sec. 13-503. Co-branded hemp beverages. In addition to the  
6       applicable sections of this Article, co-branded hemp beverages  
7       are subject to the restrictions for alcoholic beverages set  
8       forth in Section 6-35.2.

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

## 1 INDEX

## 2 Statutes amended in order of appearance

3 235 ILCS 5/8-1

4 235 ILCS 5/8-2 from Ch. 43, par. 159

5 235 ILCS 5/8-4 from Ch. 43, par. 163

6 235 ILCS 5/8-5 from Ch. 43, par. 163a

7 235 ILCS 5/8-6 from Ch. 43, par. 163b

8 235 ILCS 5/8-7 from Ch. 43, par. 163c

9 235 ILCS 5/8-9 from Ch. 43, par. 163e

10 235 ILCS 5/8-10 from Ch. 43, par. 164

11 235 ILCS 5/8-11 from Ch. 43, par. 164 1/2

12 235 ILCS 5/8-12 from Ch. 43, par. 164 3/4

13 235 ILCS 5/8-14 from Ch. 43, par. 165a

14 235 ILCS 5/Art. X<sup>III</sup>

15 heading new

16 235 ILCS 5/Art. X<sup>III</sup> Pt. 1

17 heading new

18 235 ILCS 5/13-101 new

19 235 ILCS 5/13-105 new

20 235 ILCS 5/13-1010 new

21 235 ILCS 5/Art. X<sup>III</sup> Pt. 2

22 heading new

23 235 ILCS 5/13-201 new

24 235 ILCS 5/13-202 new

25 235 ILCS 5/13-203 new

1 235 ILCS 5/13-204 new  
2 235 ILCS 5/13-205 new  
3 235 ILCS 5/Art. XIII Pt. 3  
4 heading new  
5 235 ILCS 5/13-301 new  
6 235 ILCS 5/13-302 new  
7 235 ILCS 5/13-303 new  
8 235 ILCS 5/13-304 new  
9 235 ILCS 5/13-305 new  
10 235 ILCS 5/13-306 new  
11 235 ILCS 5/13-307 new  
12 235 ILCS 5/13-308 new  
13 235 ILCS 5/Art. XIII Pt. 4  
14 heading new  
15 235 ILCS 5/13-401 new  
16 235 ILCS 5/13-402 new  
17 235 ILCS 5/Art. XIII Pt. 5  
18 heading new  
19 235 ILCS 5/13-501 new  
20 235 ILCS 5/13-502 new  
21 235 ILCS 5/13-503 new