



Sen. Robert F. Martwick

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10400SB3828sam001

LRB104 16359 HLH 35248 a

1 AMENDMENT TO SENATE BILL 3828

2 AMENDMENT NO. _____. Amend Senate Bill 3828 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Cigarette Machine Operators' Occupation
5 Tax Act is amended by changing Sections 1-15, 1-20, 1-40, and
6 1-105 as follows:

7 (35 ILCS 128/1-15)

8 Sec. 1-15. Cigarette machine operator license. No person
9 may engage in the business of operating a cigarette machine in
10 this State on or after August 1, 2012 without first having
11 obtained a license from the Department. Application for a
12 license shall be made to the Department, by electronic means,
13 in ~~on~~ a form ~~furnished and~~ prescribed by the Department. Each
14 applicant for a license under this Section shall furnish ~~the~~
15 ~~following information~~ to the Department in ~~on~~ a form signed
16 and verified by the applicant under penalty of perjury, in an

1 electronic format established by the Department, the
2 following:

3 (1) a statement that the applicant will fully comply
4 with the Tobacco Products Manufacturers' Escrow
5 Enforcement Act of 2003; and

6 (2) the following information:

7 (A) the name and address of the applicant;

8 (B) ~~(2)~~ the address of the location at which the
9 applicant proposes to engage in the business of
10 operating a cigarette machine in this State; and

11 (C) ~~(3)~~ any other additional information the
12 Department may reasonably require by its rules.

13 The ~~annual~~ license fee payable to the Department for the
14 initial and each renewal cigarette machine operator license is
15 \$250. Each applicant for a license shall pay that fee to the
16 Department at the time of submitting an application for
17 license to the Department.

18 Through June 30, 2027, every ~~Every~~ applicant who is
19 required to procure a cigarette machine operator license shall
20 file with his or her application a joint and several bond. Such
21 bond shall be executed to the Department of Revenue, with good
22 and sufficient surety or sureties residing or licensed to do
23 business within the State of Illinois, in the amount of
24 \$2,500, conditioned upon the true and faithful compliance by
25 the licensee with all of the provisions of this Act. Such bond,
26 or a reissue thereof, or a substitute therefor ~~therefore~~,

1 shall be kept in effect during the entire period covered by the
2 license. On and after July 1, 2027, applicants are no longer
3 required to file a bond with their application. The Department
4 shall discharge any surety and shall release and return any
5 bond provided to it by a taxpayer under this Section within 90
6 days after July 1, 2027, provided that the taxpayer is not
7 delinquent or deficient in the payment of tax liability.

8 A separate application for license shall be made and ~~7~~ a
9 separate ~~annual~~ license fee paid, ~~and a separate bond filed,~~
10 for each place of business at which a person who is required to
11 procure a cigarette machine operator license under this
12 Section proposes to engage in business as a cigarette machine
13 operator in Illinois under this Act.

14 The following are ineligible to receive a cigarette
15 machine operator license under this Act:

16 (1) a person who is not of good character and
17 reputation in the community in which the person ~~he~~
18 resides; the Department may consider prior conviction of a
19 felony, but, except as provided in paragraph (2), the
20 conviction shall not operate as an absolute bar to
21 licensure;

22 (2) a person who has been convicted of a felony under
23 any federal or State law, if the Department, after
24 investigation and consideration of any mitigating factors
25 and evidence of rehabilitation contained in the
26 applicant's record, including those provided in Section 4i

1 of the Cigarette Tax Act, and after a hearing, if
2 requested by the applicant, determines that the ~~such~~
3 person has not been sufficiently rehabilitated to warrant
4 the public trust and the conviction will impair the
5 ability of the person to engage in the position for which a
6 license is sought;

7 (3) a corporation, if any officer, manager, or
8 director thereof, or any stockholder or stockholders
9 owning in the aggregate more than 5% of the stock of such
10 corporation, would not be eligible to receive a license
11 under this Act for any reason; ~~or~~

12 (4) a person who has delinquent reports under Section
13 25 of the Tobacco Products Manufacturers' Escrow
14 Enforcement Act of 2003; or

15 (5) a person, or any person who owns more than 15% of
16 the ownership interests in an entity or a related party,
17 who:

18 (A) owes, at the time of application, any
19 delinquent ~~cigarette taxes or tobacco~~ taxes that have
20 been determined by law to be due and unpaid under this
21 Act or any other tax Act administered by the
22 Department, unless the license applicant has entered
23 into an agreement approved by the Department to pay
24 the amount due;

25 (B) has had a license under this Act, the
26 Cigarette Tax Act, the Cigarette Use Tax Act, or the

1 Tobacco Products Tax Act of 1995 revoked within the
2 past 2 years by the Department for misconduct relating
3 to stolen or contraband cigarettes or has been
4 convicted of a State or federal crime, punishable by
5 imprisonment of one year or more, relating to stolen
6 or contraband cigarettes;

7 (B-5) manufactures cigarettes, whether in this
8 State or outside of this State, and who is neither (i)
9 a participating manufacturer as defined in subsection
10 II(jj) of the "Master Settlement Agreement" as defined
11 in Sections 10 of the Tobacco Product Manufacturers'
12 Escrow Act and the Tobacco Products Manufacturers'
13 Escrow Enforcement Act of 2003; nor (ii) in full
14 compliance with Tobacco Product Manufacturers' Escrow
15 Act and the Tobacco Products Manufacturers' Escrow
16 Enforcement Act of 2003;

17 (C) has been found by the Department, after notice
18 and a hearing, to have imported or caused to be
19 imported into the United States for sale or
20 distribution any cigarette in violation of 19 U.S.C.
21 1681a;

22 (D) has been found by the Department, after notice
23 and a hearing, to have imported or caused to be
24 imported into the United States for sale or
25 distribution, or manufactured for sale or distribution
26 in the United States, any cigarette that does not

1 fully comply with the Federal Cigarette Labeling and
2 Advertising Act (15 U.S.C. 1331, et seq.); or

3 (E) has been found by the Department, after notice
4 and a hearing, to have made a materially ~~material~~
5 false statement in the application or has failed to
6 produce records required to be maintained by this Act.

7 The Department, upon receipt of an application and ~~7~~
8 license fee, ~~and bond~~ in proper form from a person who is
9 eligible to receive a cigarette machine operator license under
10 this Act, shall issue to such applicant a license in a form as
11 prescribed by the Department. That license shall permit the
12 applicant to whom it is issued to engage in business as a
13 cigarette machine operator at the place shown in the ~~his or her~~
14 application. All licenses issued by the Department under this
15 Section shall be valid for a period not to exceed one year
16 after issuance unless sooner revoked, canceled, or suspended
17 as provided in this Act. No license issued under this Section
18 is transferable or assignable. Such license shall be
19 conspicuously displayed in the place of business conducted by
20 the licensee in Illinois under such license. No cigarette
21 machine operator acquires any vested interest or compensable
22 property right in a license issued under this Section ~~Act~~.

23 A cigarette machine operator shall notify the Department
24 of any change in the information contained in ~~on~~ the
25 application form, including any change in ownership, and shall
26 do so within 30 days after that change.

1 Every prior continuous compliance taxpayer shall be exempt
2 from all requirements under this Section concerning the
3 furnishing of bond as a condition precedent to his being
4 authorized to engage in the business licensed under this Act.
5 This exemption shall continue for each prior continuous
6 compliance taxpayer until such time as he may be determined by
7 the Department to be delinquent in the filing of any returns,
8 or is determined by the Department (either through the
9 Department's issuance of a final assessment which has become
10 final under the Act, or by the taxpayer's filing of a return
11 which admits tax to be due that is not paid) to be delinquent
12 or deficient in the paying of any tax under this Act, at which
13 time that taxpayer shall become subject to the bond
14 requirements of this Section and, as a condition of being
15 allowed to continue to engage in the business licensed under
16 this Act, shall be required to furnish bond to the Department
17 in such form as provided in this Section. The taxpayer shall
18 furnish such bond for a period of 2 years, after which, if the
19 taxpayer has not been delinquent in the filing of any returns,
20 or delinquent or deficient in the paying of any tax under this
21 Act, the Department may reinstate that person as a prior
22 continuance compliance taxpayer. Any taxpayer who fails to pay
23 an admitted or established liability under this Act may also
24 be required by the Department to post bond or other acceptable
25 security with the Department guaranteeing the payment of that
26 admitted or established liability.

1 The Department shall discharge any surety and shall
2 release and return any bond or security deposited, assigned,
3 pledged, or otherwise provided to it by a taxpayer under this
4 Section within 30 days after:

5 (1) that taxpayer becomes a prior continuous
6 compliance taxpayer; or

7 (2) that taxpayer has ceased to collect receipts on
8 which the taxpayer ~~he~~ is required to remit tax to the
9 Department, has filed a final tax return, and has paid to
10 the Department an amount sufficient to discharge the ~~his~~
11 remaining tax liability as determined by the Department
12 under this Act. The Department shall make a final
13 determination of the taxpayer's outstanding tax liability
14 as expeditiously as possible after the ~~his~~ final tax
15 return has been filed. If the Department cannot make the
16 final determination within 45 days after receiving the
17 final tax return, it shall so notify the taxpayer within
18 that period, stating its reasons therefore.

19 Any person aggrieved by any decision of the Department
20 under this Section may, within 30 ~~20~~ days after ~~receiving~~
21 notice of the decision, protest and request a hearing. Upon
22 receiving a written request for a hearing, the Department
23 shall give notice to the person requesting the hearing of the
24 time and place fixed for the hearing and shall hold a hearing
25 in conformity with the provisions of this Act and then issue
26 its final administrative decision in the matter to that

1 person. In the absence of a protest and request for a hearing
2 within 30 ~~20~~ days, the Department's decision shall become
3 final without any further determination being made or notice
4 given.

5 (Source: P.A. 97-688, eff. 6-14-12.)

6 (35 ILCS 128/1-20)

7 Sec. 1-20. Revocation, cancellation, or suspension of
8 license. The Department may, after notice and hearing as
9 provided for by this Act, revoke, cancel, or suspend the
10 license of any cigarette machine operator for the violation of
11 any provision of this Act, or for noncompliance with the
12 provisions of this Act, or for any noncompliance with any
13 lawful rule ~~or regulation~~ promulgated by the Department under
14 this Act, or because the licensee is determined to be
15 ineligible for a cigarette machine operator's license for any
16 one or more of the reasons provided for in Section 1-15 of this
17 Act.

18 Any cigarette machine operator aggrieved by any decision
19 of the Department under this Section may, within 30 ~~20~~ days
20 after notice of the decision, protest and request a hearing.
21 Upon receiving a written request for a hearing, the Department
22 shall give notice in writing to the cigarette machine operator
23 requesting the hearing that contains a statement of the
24 charges preferred against the cigarette machine operator and
25 that states the time and place fixed for the hearing. The

1 Department shall hold the hearing in conformity with the
2 provisions of this Act and then issue its final administrative
3 decision in the matter to the cigarette machine operator. In
4 the absence of a written protest and request for a hearing
5 within 30 ~~20~~ days, the Department's decision shall become
6 final without any further determination being made or notice
7 given.

8 No license so revoked shall be reissued to any cigarette
9 machine operator for a period of 6 months after the date of the
10 final determination of such revocation. No license shall be
11 reissued at all so long as the person who would receive the
12 license is ineligible to receive a cigarette machine
13 operator's license under this Act for any one or more of the
14 reasons provided for in Section 1-15 of this Act.

15 The Department, upon complaint filed in the circuit court,
16 may, by injunction, restrain any person who fails or refuses
17 to comply with any of the provisions of this Act from acting as
18 a cigarette machine operator in this State.

19 (Source: P.A. 97-688, eff. 6-14-12.)

20 (35 ILCS 128/1-40)

21 Sec. 1-40. Returns.

22 (a) Cigarette machine operators shall file a return and
23 remit the tax imposed by Section 1-10 by the 15th day of each
24 month covering the preceding calendar month. Each such return
25 shall show: the quantity of cigarettes made or fabricated

1 during the period covered by the return; the beginning and
2 ending meter reading for each cigarette machine for the period
3 covered by the return; the quantity of such cigarettes sold or
4 otherwise disposed of during the period covered by the return;
5 the brand family and manufacturer and quantity of tobacco
6 products used to make or fabricate cigarettes by use of a
7 cigarette machine; the license number of each distributor from
8 whom tobacco products are purchased; the type and quantity of
9 cigarette tubes purchased for use in a cigarette machine; the
10 type and quantity of cigarette tubes used in a cigarette
11 machine; and such other information as the Department may
12 require. Information that the Department may reasonably
13 require includes information related to the uniform regulation
14 and taxation of cigarettes. All returns and supporting
15 schedules required to be filed under this Section and all
16 payments required to be made under this Section shall be by
17 electronic means in the form prescribed by the Department.

18 Cigarette machine operators shall send a copy of those
19 returns, together with supporting schedule data, to the
20 Attorney General's Office by the 15th day of each month for the
21 period covering the preceding calendar month.

22 (b) Cigarette machine operators may take a credit against
23 any tax due under Section 1-10 of this Act for taxes imposed
24 and paid under the Tobacco Products Tax Act of 1995 on tobacco
25 products sold to a customer and used in a rolling machine
26 located at the cigarette machine operator's place of business.

1 To be eligible for such credit, the tobacco product must meet
2 the requirements of subsection (a) of Section 1-25 of this
3 Act. This subsection (b) is exempt from the provisions of
4 Section 1-155 of this Act.

5 (c) If any payment provided for in this Section exceeds
6 the cigarette machine operator's liabilities under this Act,
7 as shown on an original return, the cigarette machine operator
8 may credit such excess payment against liability subsequently
9 to be remitted to the Department under this Act, in accordance
10 with reasonable rules adopted by the Department.

11 (Source: P.A. 104-6, eff. 1-1-26.)

12 (35 ILCS 128/1-105)

13 Sec. 1-105. Hearings regarding seized cigarettes and
14 cigarette machines. After seizing any cigarettes or cigarette
15 machines, as provided in Section 1-100 of this Act, the
16 Department shall hold a hearing and shall determine whether
17 such cigarettes, at the time of their seizure by the
18 Department, were contraband cigarettes, or whether such
19 cigarette machines, at the time of their seizure by the
20 Department, contained or made contraband cigarettes. The
21 Department is not required to hold such a hearing if a waiver
22 and consent to forfeiture has been executed by the owner of the
23 property, if the owner is known, and by the person in whose
24 possession the property so taken was found, if that person is
25 known and if that person is not the owner of the property. The

1 Department shall give not less than 7 days' notice of the time
2 and place of such hearing to the owner of such property, if he
3 is known, and also to the person in whose possession the
4 property so taken was found, if such person is known and if
5 such person in possession is not the owner of said property. In
6 case neither the owner nor the person in possession of such
7 property is known, the Department shall cause publication of
8 the time and place of such hearing to be made at least once in
9 each week for 3 weeks successively in a newspaper of general
10 circulation in the county where such hearing is to be held.

11 If, as the result of such hearing, the Department
12 determines that the cigarettes seized were, at the time of
13 seizure, contraband cigarettes, or that any cigarette machine
14 at the time of its seizure contained or made contraband
15 cigarettes, or upon receipt of a properly executed waiver and
16 consent to forfeiture as provided in this Section, the
17 Department shall enter an order declaring such cigarettes or
18 such cigarette machine confiscated and forfeited to the State,
19 and to be held by the Department for disposal as provided in
20 this Section. The Department shall give notice of such order
21 to the owner of such property if he is known, and also to the
22 person in whose possession the property so taken was found, if
23 such person is known, and if such person in possession is not
24 the owner of the property. In case neither the owner nor the
25 person in possession of such property is known, the Department
26 shall cause publication of such order to be made at least once

1 in each week for 3 weeks successively in a newspaper of general
2 circulation in the county where such hearing was held.

3 When any cigarettes or any cigarette machine shall have
4 been declared forfeited to the State by the Department, as
5 provided hereunder, and when all proceedings for the judicial
6 review of the Department's decision have terminated, the
7 Department shall, to the extent that its decision is sustained
8 on review, destroy or maintain and use such property in an
9 undercover capacity.

10 The cost of destruction shall be assessed against the
11 owner of the forfeited property or the person in possession of
12 the forfeited property. Those costs shall be assessed
13 regardless of whether the forfeiture is determined by hearing
14 or waiver.

15 Any person aggrieved by any decision of the Department
16 under this Section may, within 30 days after notice of the
17 decision, protest and request a hearing. Upon receiving a
18 written request for a hearing, the Department shall give
19 notice to the person requesting the hearing of the time and
20 place fixed for the hearing and shall hold a hearing in
21 conformity with the provisions of this Act and then issue its
22 final administrative decision in the matter to that person. In
23 the absence of a protest and request for a hearing within 30
24 days, the Department's decision shall become final without any
25 further determination being made or notice given.

26 (Source: P.A. 97-688, eff. 6-14-12.)

1 Section 10. The Cigarette Tax Act is amended by changing
2 Sections 4, 4a, 4b, 4c, 4f, 4g, 4i, 6, 9c, and 21 as follows:

3 (35 ILCS 130/4) (from Ch. 120, par. 453.4)

4 Sec. 4. Distributor's license.

5 (a) No person may engage in business as a distributor of
6 cigarettes in this State within the meaning of the first 2
7 definitions of distributor in Section 1 of this Act without
8 first having obtained a license ~~therefor~~ from the Department.
9 Application for license shall be made to the Department, by
10 electronic means, in a form ~~as furnished and~~ prescribed by the
11 Department. Each applicant for a license under this Section
12 shall furnish to the Department in a ~~on the~~ form signed and
13 verified by the applicant under penalty of perjury, in an
14 electronic format established by the Department, the following
15 ~~information~~:

16 (1) a statement that the applicant will fully comply
17 with the Tobacco Products Manufacturers' Escrow
18 Enforcement Act of 2003; and

19 (2) the following information:

20 (A) the ~~(a) The~~ name and address of the applicant;

21 (B) the ~~(b) The~~ address of the location at which
22 the applicant proposes to engage in business as a
23 distributor of cigarettes in this State; and

24 (C) such ~~(c) Such~~ other additional information as

1 the Department may reasonably ~~lawfully~~ require by its
2 rules ~~and regulations~~.

3 The ~~annual~~ license fee payable to the Department for the
4 initial and each renewal distributor's license shall be \$250.
5 The purpose of the initial and renewal ~~such annual~~ license fee
6 is to defray the cost, to the Department, of serializing
7 cigarette tax stamps. Each applicant for license shall pay
8 such fee to the Department at the time of submitting the ~~his~~
9 application for license to the Department.

10 Through June 30, 2027, every ~~Every~~ applicant who is
11 required to procure a distributor's license shall file with
12 his application a joint and several bond. Such bond shall be
13 executed to the Department of Revenue, with good and
14 sufficient surety or sureties residing or licensed to do
15 business within the State of Illinois, in the amount of
16 \$2,500, conditioned upon the true and faithful compliance by
17 the licensee with all of the provisions of this Act. Such bond,
18 or a reissue thereof, or a substitute therefor, shall be kept
19 in effect during the entire period covered by the license. On
20 and after July 1, 2027, applicants are no longer required to
21 file a bond with their application. The Department shall
22 discharge any surety and shall release and return any bond
23 provided to it by a taxpayer under this Section within 90 days
24 after July 1, 2027, provided that the taxpayer is not
25 delinquent or deficient in the payment of tax liability.

26 A separate application for license shall be made and ~~7~~ a

1 separate ~~annual~~ license fee paid, ~~and a separate bond filed,~~
2 for each place of business at which a person who is required to
3 procure a distributor's license under this Section proposes to
4 engage in business as a distributor in Illinois under this
5 Section Act.

6 (b) The following are ineligible to receive a
7 distributor's license under this Section Act:

8 (1) a person who is not of good character and
9 reputation in the community in which the person he
10 resides; the Department may consider prior conviction of a
11 felony, past conviction of a felony but, except as
12 provided in paragraph (2), the conviction shall not
13 operate as an absolute bar to licensure;

14 (2) a person who has been convicted of a felony under
15 any federal Federal or State law, if the Department, after
16 investigation and ~~a hearing and~~ consideration of any
17 mitigating factors and evidence of rehabilitation
18 contained in the applicant's record, including those
19 provided in Section 4i of this Act, and after a hearing, if
20 requested by the applicant, determines that the such
21 person has not been sufficiently rehabilitated to warrant
22 the public trust and the conviction will impair the
23 ability of the person to engage in the position for which a
24 license is sought;

25 (3) a corporation, if any officer, manager, or
26 director thereof, or any stockholder or stockholders

1 owning in the aggregate more than 5% of the stock of such
2 corporation, would not be eligible to receive a license
3 under this Act for any reason;

4 (4) a person who has delinquent reports under Section
5 25 of the Tobacco Products Manufacturers' Escrow
6 Enforcement Act of 2003; or

7 (5) a person, or any person who owns more than 15% ~~15~~
8 ~~percent~~ of the ownership interests in a person or a
9 related party who:

10 (A) ~~(a)~~ owes, at the time of application, any
11 delinquent ~~cigarette~~ taxes that have been determined
12 by law to be due and unpaid under this Act or any other
13 tax Act administered by the Department, unless the
14 license applicant has entered into an agreement
15 approved by the Department to pay the amount due;

16 (B) ~~(b)~~ had a license under this Act, the
17 Cigarette Use Tax Act, the Tobacco Products Tax Act of
18 1995, or the Cigarette Machine Operator's Occupation
19 Tax Act revoked within the past 2 ~~two~~ years by the
20 Department for misconduct relating to stolen or
21 contraband cigarettes or has been convicted of a State
22 or federal crime, punishable by imprisonment of one
23 year or more, relating to stolen or contraband
24 cigarettes;

25 (C) ~~(c)~~ manufactures cigarettes, whether in this
26 State or out of this State, and who is neither (i) a

1 participating manufacturer as defined in subsection
2 II(jj) of the "Master Settlement Agreement" as defined
3 in Sections 10 of the Tobacco Product ~~Products~~
4 Manufacturers' Escrow Act and the Tobacco Products
5 Manufacturers' Escrow Enforcement Act of 2003 ~~(30 ILCS~~
6 ~~168/10 and 30 ILCS 167/10)~~; nor (ii) in full
7 compliance with Tobacco Product ~~Products~~
8 Manufacturers' Escrow Act and the Tobacco Products
9 Manufacturers' Escrow Enforcement Act of 2003 ~~(30 ILCS~~
10 ~~168/ and 30 ILCS 167/)~~;

11 (D) ~~(d)~~ has been found by the Department, after
12 notice and a hearing, to have imported or caused to be
13 imported into the United States for sale or
14 distribution any cigarette in violation of 19 U.S.C.
15 1681a;

16 (E) ~~(e)~~ has been found by the Department, after
17 notice and a hearing, to have imported or caused to be
18 imported into the United States for sale or
19 distribution or manufactured for sale or distribution
20 in the United States any cigarette that does not fully
21 comply with the Federal Cigarette Labeling and
22 Advertising Act (15 U.S.C. 1331, et seq.); or

23 (F) ~~(f)~~ has been found by the Department, after
24 notice and a hearing, to have made a materially
25 ~~material~~ false statement in the application or has
26 failed to produce records required to be maintained by

1 this Act.

2 (c) The Department, upon receipt of an application and ~~7~~
3 license fee ~~and bond in proper form~~, from a person who is
4 eligible to receive a distributor's license under this
5 Section, Act, shall issue to such applicant a license. That in
6 ~~form as prescribed by the Department, which~~ license shall
7 permit the applicant ~~to which it is issued~~ to engage in
8 business as a distributor at the place shown in the ~~his~~
9 application. All licenses issued by the Department under this
10 Section Act shall be valid for a period not to exceed one year
11 after issuance unless sooner revoked, canceled, or suspended
12 as provided in this Act. No license issued under this Section
13 ~~Act~~ is transferable or assignable. Such license shall be
14 conspicuously displayed in the place of business conducted by
15 the licensee in Illinois under such license. No distributor
16 licensee acquires any vested interest or compensable property
17 right in a license issued under this Section Act.

18 A licensed distributor shall notify the Department of any
19 change in the information contained on the application form,
20 including any change in ownership and shall do so within 30
21 days after any such change.

22 Any person aggrieved by any decision of the Department
23 under this Section may, within 30 ~~20~~ days after notice of the
24 decision, protest and request a hearing. Upon receiving a
25 request for a hearing, the Department shall give notice to the
26 person requesting the hearing of the time and place fixed for

1 the hearing and shall hold a hearing in conformity with the
2 provisions of this Act and then issue its final administrative
3 decision in the matter to that person. In the absence of a
4 protest and request for a hearing within 30 ~~20~~ days, the
5 Department's decision shall become final without any further
6 determination being made or notice given.

7 (Source: P.A. 100-286, eff. 1-1-18.)

8 (35 ILCS 130/4a) (from Ch. 120, par. 453.4a)

9 Sec. 4a. If a distributor shall be convicted of the
10 violation of any of the provisions of this Act, or if the
11 distributor's ~~his or her~~ license shall be revoked and no
12 review is had of the order or revocation, or if on review
13 thereof the decision is adverse to the distributor, or if a
14 distributor fails to pay an assessment as to which no judicial
15 review is sought and which has become final, or pursuant to
16 which, upon review thereof, the circuit court has entered a
17 judgment that is in favor of the Department and that has become
18 final, the bond filed pursuant to this Act shall thereupon be
19 forfeited, and the Department may institute a suit upon such
20 bond in its own name for the entire amount of such bond and
21 costs. Such suit upon the bond shall be in addition to any
22 other remedy provided for herein.

23 This Section is repealed on January 1, 2028.

24 (Source: P.A. 96-1027, eff. 7-12-10.)

1 (35 ILCS 130/4b) (from Ch. 120, par. 453.4b)

2 Sec. 4b. Distributor's permit.

3 (a) Cigarettes in original packages contained inside a
4 sealed transparent wrapper.

5 (1) The Department may, in its discretion, upon
6 application, issue permits authorizing the payment of the
7 tax herein imposed by out-of-State cigarette manufacturers
8 who are not required to be licensed as distributors of
9 cigarettes in this State, but who elect to qualify under
10 this subsection ~~Act~~ as distributors of cigarettes in this
11 State, and who, to the satisfaction of the Department,
12 furnish adequate security to insure payment of the tax,
13 provided that any such permit shall extend only to
14 cigarettes which such permittee manufacturer places in
15 original packages that are contained inside a sealed
16 transparent wrapper. Application for a permit shall be
17 made to the Department, by electronic means, in a form
18 prescribed by the Department. ~~Such permits shall be issued~~
19 ~~without charge in such form as the Department may~~
20 ~~prescribe and shall not be transferable or assignable.~~

21 (2) Each applicant for a permit under this subsection
22 shall furnish to the Department in a form signed and
23 verified by the applicant under penalty of perjury, in an
24 electronic format established by the Department, the
25 following:

26 (A) a statement that the applicant will fully

1 comply with the Tobacco Products Manufacturers' Escrow
2 Enforcement Act of 2003; and

3 (B) the following information:

4 (i) the name and address of the applicant;

5 (ii) the address of the location at which the
6 applicant proposes to engage in business; and

7 (iii) such other additional information as the
8 Department may reasonably require by its rules.

9 (3) The following are ineligible to receive a
10 distributor's permit under this subsection:

11 (A) ~~(1)~~ a person who is not of good character and
12 reputation in the community in which the person ~~he~~
13 resides; the Department may consider prior conviction
14 of a felony, ~~past conviction of a felony~~ but, ~~except as~~
15 provided in paragraph (B), the conviction shall not
16 operate as an absolute bar to receiving a permit;

17 (B) ~~(2)~~ a person who has been convicted of a felony
18 under any federal ~~Federal~~ or State law, if the
19 Department, after investigation and ~~a hearing and~~
20 consideration of any mitigating factors and evidence
21 of rehabilitation contained in the applicant's record,
22 including those in Section 4i of this Act, and after a
23 hearing, if requested by the applicant, determines
24 that such person has not been sufficiently
25 rehabilitated to warrant the public trust and the
26 conviction will impair the ability of the person to

1 engage in the position for which a permit is sought;

2 (C) ~~(3)~~ a corporation, if any officer, manager or
3 director thereof, or any stockholder or stockholders
4 owning in the aggregate more than 5% of the stock of
5 such corporation, would not be eligible to receive a
6 permit under this Act for any reason.

7 (D) a person who has delinquent reports under
8 Section 25 of the Tobacco Products Manufacturers'
9 Escrow Enforcement Act of 2003; or

10 (E) a person, or any person who owns more than 15%
11 of the ownership interests in a person or a related
12 party, who:

13 (i) owes, at the time of application, any
14 delinquent taxes that have been determined by law
15 to be due and unpaid under this Act or any other
16 tax Act administered by the Department, unless the
17 applicant has entered into an agreement approved
18 by the Department to pay the amount due;

19 (ii) had a license under this Act, the
20 Cigarette Use Tax Act, the Tobacco Products Tax
21 Act of 1995, or the Cigarette Machine Operator's
22 Occupation Tax Act revoked within the past 2 years
23 by the Department for misconduct relating to
24 stolen or contraband cigarettes or has been
25 convicted of a State or federal crime, punishable
26 by imprisonment of one year or more, relating to

1 stolen or contraband cigarettes;

2 (iii) manufactures cigarettes, whether in this
3 State or out of this State, and who is neither (a)
4 a participating manufacturer as defined in
5 subsection II(jj) of the "Master Settlement
6 Agreement" as defined in Sections 10 of the
7 Tobacco Product Manufacturers' Escrow Act and the
8 Tobacco Products Manufacturers' Escrow Enforcement
9 Act of 2003; nor (b) in full compliance with
10 Tobacco Product Manufacturers' Escrow Act and the
11 Tobacco Products Manufacturers' Escrow Enforcement
12 Act of 2003;

13 (iv) has been found by the Department, after
14 notice and a hearing, to have imported or caused
15 to be imported into the United States for sale or
16 distribution any cigarette in violation of 19
17 U.S.C. 1681a;

18 (v) has been found by the Department, after
19 notice and a hearing, to have imported or caused
20 to be imported into the United States for sale or
21 distribution or manufactured for sale or
22 distribution in the United States any cigarette
23 that does not fully comply with the Federal
24 Cigarette Labeling and Advertising Act (15 U.S.C.
25 1331, et seq.); or

26 (vi) has been found by the Department, after

1 notice and a hearing, to have made a materially
2 false statement in the application or has failed
3 to produce records required to be maintained by
4 this Act.

5 (4) There is no application fee for the initial and
6 renewal permits. A permittee shall notify the Department
7 of any change in the information contained on the
8 application form, including any change in ownership and
9 shall do so within 30 days after the change. The permit
10 shall not be transferable or assignable. A permittee does
11 not acquire any vested interest or compensable property
12 right in a permit issued under this subsection.

13 (5) Any person aggrieved by any decision of the
14 Department under this subsection may, within 30 days after
15 notice of the decision, protest and request a hearing.
16 Upon receiving a request for a hearing, the Department
17 shall give notice to the person requesting the hearing of
18 the time and place fixed for the hearing and shall hold a
19 hearing in conformity with the provisions of this Act and
20 then issue its final administrative decision in the matter
21 to that person. In the absence of a protest and request for
22 a hearing within 30 days, the Department's decision shall
23 become final without any further determination being made
24 or notice given.

25 (6) With respect to cigarettes which come within the
26 scope of such a permit and which any such permittee

1 delivers or causes to be delivered in Illinois to licensed
2 distributors, such permittee shall remit the tax imposed
3 by this Act at the times provided for in Section 3 of this
4 Act. Each such remittance shall be accompanied by a return
5 filed with the Department ~~in on~~ a form ~~to be~~ prescribed ~~and~~
6 ~~furnished~~ by the Department and shall disclose such
7 information as the Department may lawfully require.
8 Information that the Department may lawfully require
9 includes information related to the uniform regulation and
10 taxation of cigarettes. All returns and supporting
11 schedules required to be filed under this subsection
12 ~~Section~~ and all payments required to be made under this
13 subsection ~~Section~~ shall be by electronic means in the
14 form prescribed by the Department. Each such return shall
15 be accompanied by a copy of each invoice rendered by the
16 permittee to any licensed distributor to whom the
17 permittee delivered cigarettes of the type covered by the
18 permit (or caused cigarettes of the type covered by the
19 permit to be delivered) in Illinois during the period
20 covered by such return.

21 (7) Such permit may be suspended, canceled, or revoked
22 when, at any time, the Department considers that the
23 security given is inadequate, or that such tax can more
24 effectively be collected from distributors located in this
25 State, or whenever the permittee violates any provision of
26 this Act or any lawful rule ~~or regulation~~ issued by the

1 Department pursuant to this Act or is determined to be
2 ineligible for a distributor's permit under this Act as
3 provided in this subsection ~~Section~~, whenever the
4 permittee shall notify the Department in writing ~~of his~~
5 ~~desire~~ to have the permit canceled. The Department shall
6 have the power, in its discretion, to issue a new permit
7 after such suspension, cancellation or revocation, except
8 when the person who would receive the permit is ineligible
9 to receive a distributor's permit under this Act.

10 (8) All permits issued by the Department under this
11 subsection ~~Act~~ shall be valid for a period not to exceed
12 one year after issuance unless sooner revoked, canceled,
13 or suspended as provided in this Act ~~provided~~.

14 (b) Unstamped original packages of cigarettes for
15 distribution to the public for promotional purposes without
16 consideration.

17 (1) Out-of-state cigarette manufacturers who are not
18 required to be licensed as distributors of cigarettes in
19 this State and who do not elect to obtain approval under
20 subsection 4b(a) to pay the tax imposed by this Act, but
21 who elect to qualify under this subsection ~~Act~~ as
22 distributors of cigarettes in this State for purposes of
23 shipping and delivering unstamped original packages of
24 cigarettes into this State to licensed distributors, shall
25 obtain a permit from the Department. Application for a
26 permit shall be made to the Department, by electronic

1 means, in a form prescribed by the Department. ~~These~~
2 ~~permits shall be issued without charge in such form as the~~
3 ~~Department may prescribe and shall not be transferable or~~
4 ~~assignable.~~

5 (2) Each applicant for a permit under this subsection
6 shall furnish to the Department in a form signed and
7 verified by the applicant under penalty of perjury, in an
8 electronic format established by the Department, the
9 following:

10 (A) a statement that the applicant will fully
11 comply with the Tobacco Products Manufacturers' Escrow
12 Enforcement Act of 2003; and

13 (B) the following information:

14 (i) the name and address of the applicant;

15 (ii) the address of the location at which the
16 applicant proposes to engage in business; and

17 (iii) such other additional information as the
18 Department may reasonably require by its rules.

19 (3) The following are ineligible to receive a
20 distributor's permit under this subsection:

21 (A) ~~(1)~~ a person who is not of good character and
22 reputation in the community in which the person ~~he or~~
23 ~~she~~ resides; the Department may consider prior
24 conviction of a felony, ~~past conviction of a felony~~
25 but, except as provided in paragraph (B), the
26 conviction shall not operate as an absolute bar to

1 receiving a permit;

2 (B) ~~(2)~~ a person who has been convicted of a felony
3 under any federal or State law, if the Department,
4 after investigation ~~and a hearing~~ and consideration of
5 any mitigating factors and evidence of rehabilitation
6 contained in the applicant's record, including those
7 set forth in Section 4i of this Act, and a hearing, if
8 requested by the applicant, determines that the person
9 has not been sufficiently rehabilitated to warrant the
10 public trust and the conviction will impair the
11 ability of the person to engage in the position for
12 which a permit is sought; ~~and~~

13 (C) ~~(3)~~ a corporation, if any officer, manager, or
14 director thereof, or any stockholder or stockholders
15 owning in the aggregate more than 5% of the stock of
16 the corporation, would not be eligible to receive a
17 permit under this Act for any reason; ~~and~~

18 (D) a person who has delinquent reports under
19 Section 25 of the Tobacco Products Manufacturers'
20 Escrow Enforcement Act of 2003; or

21 (E) a person, or any person who owns more than 15%
22 of the ownership interests in a person or a related
23 party who:

24 (i) owes, at the time of application, any
25 delinquent taxes that have been determined by law
26 to be due and unpaid under this Act or any other

1 tax Act administered by the Department, unless the
2 applicant has entered into an agreement approved
3 by the Department to pay the amount due;

4 (ii) had a license under this Act, the
5 Cigarette Use Tax Act, the Tobacco Products Tax
6 Act of 1995, or the Cigarette Machine Operator's
7 Occupation Tax Act revoked within the past 2 years
8 by the Department for misconduct relating to
9 stolen or contraband cigarettes or has been
10 convicted of a State or federal crime, punishable
11 by imprisonment of one year or more, relating to
12 stolen or contraband cigarettes;

13 (iii) manufactures cigarettes, whether in this
14 State or out of this State, and who is neither (a)
15 a participating manufacturer as defined in
16 subsection II(jj) of the "Master Settlement
17 Agreement" as defined in Sections 10 of the
18 Tobacco Product Manufacturers' Escrow Act and the
19 Tobacco Products Manufacturers' Escrow Enforcement
20 Act of 2003; nor (b) in full compliance with
21 Tobacco Product Manufacturers' Escrow Act and the
22 Tobacco Products Manufacturers' Escrow Enforcement
23 Act of 2003;

24 (iv) has been found by the Department, after
25 notice and a hearing, to have imported or caused
26 to be imported into the United States for sale or

1 distribution any cigarette in violation of 19
2 U.S.C. 1681a;

3 (v) has been found by the Department, after
4 notice and a hearing, to have imported or caused
5 to be imported into the United States for sale or
6 distribution or manufactured for sale or
7 distribution in the United States any cigarette
8 that does not fully comply with the Federal
9 Cigarette Labeling and Advertising Act (15 U.S.C.
10 1331, et seq.); or

11 (vi) has been found by the Department, after
12 notice and a hearing, to have made a materially
13 false statement in the application or has failed
14 to produce records required to be maintained by
15 this Act.

16 (4) There is no application fee for the initial and
17 renewal permits. A permittee shall notify the Department
18 of any change in the information contained on the
19 application form, including any change in ownership and
20 shall do so within 30 days after any such change. Such
21 permit shall not be transferable or assignable. A
22 permittee does not acquire any vested interest or
23 compensable property right in a permit issued under this
24 subsection.

25 (5) Any person aggrieved by any decision of the
26 Department under this subsection may, within 30 days after

1 notice of the decision, protest and request a hearing.
2 Upon receiving a request for a hearing, the Department
3 shall give notice to the person requesting the hearing of
4 the time and place fixed for the hearing and shall hold a
5 hearing in conformity with the provisions of this Act and
6 then issue its final administrative decision in the matter
7 to that person. In the absence of a protest and request for
8 a hearing within 30 days, the Department's decision shall
9 become final without any further determination being made
10 or notice given.

11 (6) With respect to original packages of cigarettes
12 that such permittee delivers or causes to be delivered in
13 Illinois and distributes to the public for promotional
14 purposes without consideration, the permittee shall pay
15 the tax imposed by this Act by remitting the amount
16 thereof to the Department by the 5th day of each month
17 covering cigarettes shipped or otherwise delivered in
18 Illinois for those purposes during the preceding calendar
19 month. The permittee, before delivering those cigarettes
20 or causing those cigarettes to be delivered in this State,
21 shall evidence the permittee's ~~his or her~~ obligation to
22 remit the taxes due with respect to those cigarettes by
23 imprinting language to be prescribed by the Department on
24 each original package of cigarettes, in such place thereon
25 and in such manner also to be prescribed by the
26 Department. The imprinted language shall acknowledge the

1 permittee's payment of or liability for the tax imposed by
2 this Act with respect to the distribution of those
3 cigarettes.

4 (7) With respect to cigarettes that the permittee
5 delivers or causes to be delivered in Illinois to Illinois
6 licensed distributors or distributed to the public for
7 promotional purposes, the permittee shall, by the 5th day
8 of each month, file with the Department, a report covering
9 cigarettes shipped or otherwise delivered in Illinois to
10 licensed distributors or distributed to the public for
11 promotional purposes during the preceding calendar month
12 in ~~on~~ a form ~~to be~~ prescribed ~~and furnished~~ by the
13 Department and shall disclose such other information as
14 the Department may lawfully require. Information that the
15 Department may lawfully require includes information
16 related to the uniform regulation and taxation of
17 cigarettes. All reports and supporting schedules required
18 to be filed under this subsection ~~Section~~ shall be filed
19 electronically in the form prescribed by the Department.
20 Each such report shall be accompanied by a copy of each
21 invoice rendered by the permittee to any purchaser to whom
22 the permittee delivered cigarettes of the type covered by
23 the permit (or caused cigarettes of the type covered by
24 the permit to be delivered) in Illinois during the period
25 covered by such report.

26 (8) Such permit may be suspended, canceled, or revoked

1 whenever the permittee violates any provision of this Act
2 or any lawful rule ~~or regulation~~ issued by the Department
3 pursuant to this Act, is determined to be ineligible for a
4 distributor's permit under this Act as provided in this
5 subsection ~~Section~~, or notifies the Department in writing
6 ~~of his or her desire~~ to have the permit canceled. The
7 Department shall have the power, in its discretion, to
8 issue a new permit after such suspension, cancellation, or
9 revocation, except when the person who would receive the
10 permit is ineligible to receive a distributor's permit
11 under this Act.

12 (9) All permits issued by the Department under this
13 subsection ~~Act~~ shall be valid for a period not to exceed
14 one year after issuance unless sooner revoked, canceled,
15 or suspended as provided in this Act.

16 (Source: P.A. 103-592, eff. 1-1-25; 104-6, eff. 1-1-26.)

17 (35 ILCS 130/4c)

18 Sec. 4c. Secondary distributor's license.

19 (a) No person may engage in business as a secondary
20 distributor of cigarettes in this State without first having
21 obtained a license ~~therefor~~ from the Department. Application
22 for license shall be made to the Department, by electronic
23 means, in ~~on~~ a form ~~as furnished and~~ prescribed by the
24 Department. Each applicant for a license under this Section
25 shall furnish ~~the following information~~ to the Department in

1 ~~on~~ a form signed and verified by the applicant under penalty of
2 perjury, in an electronic format established by the
3 Department, the following:

4 (1) a statement that the applicant will fully comply
5 with the Tobacco Products Manufacturers' Escrow
6 Enforcement Act of 2003; and

7 (2) the following information:

8 (A) the name and address of the applicant;

9 (B) ~~(2)~~ the address of the location at which the
10 applicant proposes to engage in business as a
11 secondary distributor of cigarettes in this State; and

12 (C) ~~(3)~~ such other additional information as the
13 Department may reasonably require by its rule.

14 The ~~annual~~ license fee payable to the Department for the
15 initial and each renewal secondary distributor's license shall
16 be \$250. Each applicant for a license shall pay such fee to the
17 Department at the time of submitting an application for
18 license to the Department.

19 A separate application for license shall be made and
20 separate ~~annual~~ license fee paid for each place of business at
21 which a person who is required to procure a secondary
22 distributor's license under this Section proposes to engage in
23 business as a secondary distributor in Illinois under this
24 Act.

25 (b) The following are ineligible to receive a secondary
26 distributor's license under this Section Act:

1 (1) a person who is not of good character and
2 reputation in the community in which the person ~~he~~
3 resides; the Department may consider prior ~~past~~ conviction
4 of a felony but, except as provided in paragraph (2), the
5 conviction shall not operate as an absolute bar to
6 licensure ~~receiving a license~~;

7 (2) a person who has been convicted of a felony under
8 any federal or State law, if the Department, after
9 investigation and ~~a hearing and~~ consideration of any ~~the~~
10 mitigating factors and evidence of rehabilitation
11 contained in the applicant's record, including those
12 provided in subsection (b) of Section 4i of this Act, and
13 hearing, if requested by the applicant, determines that
14 such person has not been sufficiently rehabilitated to
15 warrant the public trust and the conviction will impair
16 the ability of the person to engage in the position for
17 which a license is sought;

18 (3) a corporation, if any officer, manager, or
19 director thereof, or any stockholder or stockholders
20 owning in the aggregate more than 5% of the stock of such
21 corporation, would not be eligible to receive a license
22 under this Act for any reason;

23 (4) a person who manufactures cigarettes, whether in
24 this State or out of this State, and who is neither (i) a
25 participating manufacturer as defined in subsection II(jj)
26 of the "Master Settlement Agreement" as defined in

1 Sections 10 of the Tobacco Product Manufacturers' Escrow
2 Act and the Tobacco Products Manufacturers' Escrow
3 Enforcement Act of 2003; nor (ii) in full compliance with
4 Tobacco Product Manufacturers' Escrow Act and the Tobacco
5 Products Manufacturers' Escrow Enforcement Act of 2003;

6 (5) a person who has delinquent reports under Section
7 25 of the Tobacco Products Manufacturers' Escrow
8 Enforcement Act of 2003; or

9 (6) a person, or any person who owns more than 15% of
10 the ownership interests in a person or a related party
11 who:

12 (A) owes, at the time of application, any
13 delinquent ~~cigarette~~ taxes that have been determined
14 by law to be due and unpaid under this Act or any other
15 tax Act administered by the Department, unless the
16 license applicant has entered into an agreement
17 approved by the Department to pay the amount due;

18 (B) had a license under this Act, the Cigarette
19 Use Tax Act, the Tobacco Products Tax Act of 1995, or
20 the Cigarette Machine Operator's Occupation Tax Act
21 revoked within the past 2 ~~two~~ years by the Department
22 for misconduct relating to stolen or contraband
23 cigarettes or has been convicted of a State or federal
24 crime, punishable by imprisonment of one year or more,
25 relating to stolen or contraband cigarettes;

26 (C) has been found by the Department, after notice

1 and a hearing, to have imported or caused to be
2 imported into the United States for sale or
3 distribution any cigarette in violation of 19 U.S.C.
4 1681a;

5 (D) has been found by the Department, after notice
6 and a hearing, to have imported or caused to be
7 imported into the United States for sale or
8 distribution or manufactured for sale or distribution
9 in the United States any cigarette that does not fully
10 comply with the Federal Cigarette Labeling and
11 Advertising Act (15 U.S.C. 1331, et seq.); or

12 (E) has been found by the Department, after notice
13 and a hearing, to have made a materially ~~material~~
14 false statement in the application or has failed to
15 produce records required to be maintained by this Act.

16 The Department, upon receipt of an application and license
17 fee from a person who is eligible to receive a secondary
18 distributor's license under this Section Act, shall issue to
19 such applicant a license in such form as prescribed by the
20 Department. The license shall permit the applicant to which it
21 is issued to engage in business as a secondary distributor at
22 the place shown in the ~~his~~ application. All licenses issued by
23 the Department under this Section Act shall be valid for a
24 period not to exceed one year after issuance unless sooner
25 revoked, canceled, or suspended as provided in this Act.

26 No license issued under this Section Act is transferable

1 or assignable. Such license shall be conspicuously displayed
2 in the place of business conducted by the licensee in Illinois
3 under such license. No secondary distributor licensee acquires
4 any vested interest or compensable property right in a license
5 issued under this Act.

6 A licensed secondary distributor shall notify the
7 Department of any change in the information contained on the
8 application form, including any change in ownership, and shall
9 do so within 30 days after any such change.

10 Any person aggrieved by any decision of the Department
11 under this Section may, within 30 ~~20~~ days after notice of the
12 decision, protest and request a hearing. Upon receiving a
13 request for a hearing, the Department shall give notice to the
14 person requesting the hearing of the time and place fixed for
15 the hearing and shall hold a hearing in conformity with the
16 provisions of this Act and then issue its final administrative
17 decision in the matter to that person. In the absence of a
18 protest and request for a hearing within 30 ~~20~~ days, the
19 Department's decision shall become final without any further
20 determination being made or notice given.

21 (Source: P.A. 100-286, eff. 1-1-18.)

22 (35 ILCS 130/4f)

23 Sec. 4f. Manufacturer representatives.

24 (a) No manufacturer may market cigarettes produced by the
25 manufacturer directly to retailers in this State issued a

1 license under Section 4g of this Act without first having
2 obtained authorization from the Department. Application for
3 authority to maintain representatives in this State to market
4 in this State cigarettes produced by the manufacturer shall be
5 made to the Department, by electronic means, in ~~on~~ a form
6 ~~furnished and~~ prescribed by the Department. Each applicant
7 under this Section shall furnish ~~the following information~~ to
8 the Department in ~~on~~ a form signed and verified by the
9 applicant under penalty of perjury, in an electronic format
10 established by the Department, the following:

11 (1) a statement that the applicant will fully comply
12 with the Tobacco Products Manufacturers' Escrow
13 Enforcement Act of 2003; and

14 (2) the following information:

15 (A) the name and address of the applicant;

16 (B) ~~(2)~~ the address of every location from which
17 the applicant proposes to engage in business in this
18 State;

19 (C) ~~(3)~~ the number of manufacturer representatives
20 the applicant requests to maintain in this State; and

21 (D) such ~~(4)~~ ~~any~~ other additional information as
22 the Department may reasonably require by its rule.

23 (a-5) The following manufacturers are ineligible to
24 receive authorization to maintain manufacturer representatives
25 in this State:

26 (1) a manufacturer who owes, at the time of

1 application, any delinquent ~~cigarette~~ taxes that have been
2 determined by law to be due and unpaid under this Act or
3 any other tax Act administered by the Department, unless
4 the applicant has entered into an agreement approved by
5 the Department to pay the amount due;

6 (2) a manufacturer who has had a license revoked
7 within the past 2 years for misconduct relating to stolen
8 or contraband cigarettes or has been convicted of a state
9 or federal crime, punishable by imprisonment of one year
10 or more, relating to stolen or contraband cigarettes;

11 (3) a manufacturer who manufactures cigarettes,
12 whether in this State or out of this State, and who is
13 neither (i) a participating manufacturer as defined in
14 subsection II(jj) of the "Master Settlement Agreement" as
15 defined in Sections 10 of the Tobacco Product
16 Manufacturers' Escrow Act and the Tobacco Products
17 Manufacturers' Escrow Enforcement Act of 2003; nor (ii) in
18 full compliance with Tobacco Product Manufacturers' Escrow
19 Act and the Tobacco Products Manufacturers' Escrow
20 Enforcement Act of 2003;

21 (3.5) a manufacturer who has been found, after notice
22 and a hearing, to have imported or caused to be imported
23 into the United States for sale or distribution any
24 cigarette in violation of 19 U.S.C. 1681a;

25 (4) a manufacturer who has been found, after notice
26 and a hearing, to have imported or caused to be imported

1 into the United States for sale or distribution or
2 manufactured for sale or distribution in the United States
3 any cigarette that does not fully comply with the Federal
4 Cigarette Labeling and Advertising Act (15 U.S.C. 1331, et
5 seq.);

6 (5) a manufacturer who has been found, after notice
7 and a hearing, to have made a materially ~~material~~ false
8 statement in an application or has failed to produce
9 records required to be maintained by this Act;

10 (6) a manufacturer who has been found, after notice
11 and hearing, to have violated any Section of this Act; ~~or~~

12 (7) a manufacturer licensed as a distributor under
13 Section 4 of this Act or holding a permit under Section 4b
14 of this Act; or

15 (8) a manufacturer who has delinquent reports under
16 Section 25 of the Tobacco Products Manufacturers' Escrow
17 Enforcement Act of 2003.

18 The Department, upon receipt of an application from a
19 manufacturer who is eligible to maintain manufacturer
20 representatives in this State, shall notify the applicant in
21 writing, not more than 60 days after an application has been
22 received, that the applicant may or may not maintain the
23 requested number of manufacturer representatives in this
24 State. A copy of the notice authorizing a manufacturer to
25 maintain manufacturer representatives in this State shall be
26 available for inspection by the Department at each place of

1 business identified in the application and in the motor
2 vehicle operated by marketing representatives in the course of
3 performing their ~~his or her~~ duties in this State on behalf of
4 the manufacturer.

5 A manufacturer representative shall notify the Department
6 of any change in the information contained on the application
7 form and shall do so within 30 days after any such change.

8 (b) Only directors, officers, and employees of the
9 manufacturer may act as manufacturer representatives in this
10 State. The manufacturer shall provide to the Department the
11 names and addresses of the manufacturer representatives
12 operating in this State and the make, model, and license plate
13 number of each motor vehicle operated by a manufacturer
14 representative in the course of performing their ~~his or her~~
15 duties in this State on behalf of the manufacturer. The
16 following individuals may not act as manufacturer
17 representatives:

18 (1) an individual who is not of good character and
19 reputation in the community in which the individual
20 resides; the Department may consider prior conviction of a
21 felony, but the conviction shall not operate as an
22 absolute bar to licensure;

23 (1.5) an individual who owes any delinquent ~~cigarette~~
24 taxes that have been determined by law to be due and unpaid
25 under this Act or any other tax Act administered by the
26 Department, unless the individual has entered into an

1 agreement approved by the Department to pay the amount
2 due;

3 (2) an individual who has had a license under this
4 Act, the Cigarette Use Tax Act, the Tobacco Products Tax
5 Act of 1995, or the Cigarette Machine Operator's
6 Occupation Tax Act revoked within the past 2 years for
7 misconduct relating to stolen or contraband cigarettes or
8 has been convicted of a state or federal crime, punishable
9 by imprisonment of one year or more, relating to stolen or
10 contraband cigarettes;

11 (3) an individual who has been found, after notice and
12 a hearing, to have made a materially ~~material~~ false
13 statement in an application or has failed to produce
14 records required to be maintained by this Act; or

15 (4) an individual who has been found, after notice and
16 hearing, to have violated any Section of this Act.

17 (c) Manufacturer representatives may sell to retailers in
18 this State who are licensed under Section 4g of this Act only
19 original packages of cigarettes made, manufactured, or
20 fabricated by the manufacturer and purchased or obtained from
21 a distributor licensed under this Act, or the Cigarette ~~Tax~~
22 Use Tax Act, and on which tax stamps have been affixed.
23 Manufacturer representatives may sell up to 600 stamped
24 original packages of cigarettes in a calendar year, for the
25 purpose of promoting the manufacturer's brands of cigarettes.
26 A manufacturer representative may not possess more than 500

1 stamped original packages of cigarettes made, manufactured, or
2 fabricated by the manufacturer and purchased or obtained from
3 a distributor licensed under this Act or the Cigarette Use Tax
4 Act. Any original packages of cigarettes in the possession of
5 a manufacturer representative that (i) are not made,
6 manufactured, or fabricated by the manufacturer and purchased
7 or obtained from a distributor licensed under this Act or the
8 Cigarette Use Tax Act, other than cigarettes for personal use
9 and consumption, (ii) exceed the maximum quantity of 500
10 original packages of cigarettes, excluding packages of
11 cigarettes for personal use and consumption; (iii) violate
12 Section 3-10 of this Act; or (iv) do not have the proper tax
13 stamps affixed, are contraband and subject to seizure and
14 forfeiture.

15 Manufacturer representatives may sell, on behalf of
16 licensed distributors, stamped original packages of cigarettes
17 to retailers who are licensed under Section 4g of this Act. The
18 manufacturer representative shall provide the distributor with
19 a signed receipt for the cigarettes obtained from the
20 distributor. The distributor shall invoice the licensed
21 retailer, and the licensed retailer shall pay the distributor
22 for all cigarettes provided to licensed retailers by
23 manufacturer representatives on behalf of a distributor.

24 Manufacturer representatives may sell stamped original
25 packages of cigarettes to licensed retailers that are
26 purchased from licensed distributors. Distributors shall

1 provide manufacturer representatives with invoices for stamped
2 original packages of cigarettes sold to manufacturer
3 representatives. Manufacturer representatives shall invoice
4 licensed retailers, and the licensed retailers shall pay the
5 manufacturer representatives for all original packages of
6 cigarettes sold to licensed retailers.

7 (d) Authorizations issued under this Section shall be
8 valid for a period not to exceed one year after issuance, and
9 may be renewed thereafter, unless sooner revoked, canceled, or
10 suspended as provided in this Act. There is no application fee
11 for the initial and renewal authorization under this Section.
12 Such authorization shall not be transferable or assignable. A
13 person does not acquire any vested interest or compensable
14 property right in an authorization issued under this Section.

15 Any person aggrieved by any decision of the Department
16 under this Section may, within 30 ~~20~~ days after notice of the
17 decision, protest and request a hearing. Upon receiving a
18 request for a hearing, the Department shall give notice to the
19 person requesting the hearing of the time and place fixed for
20 the hearing and shall hold a hearing in conformity with the
21 provisions of this Act and then issue its final administrative
22 decision in the matter to that person. In the absence of a
23 protest and request for a hearing within 30 ~~20~~ days, the
24 Department's decision shall become final without any further
25 determination being made or notice given.

26 (Source: P.A. 97-587, eff. 8-26-11; 98-1055, eff. 1-1-16.)

1 (35 ILCS 130/4g)

2 Sec. 4g. Retailer's license.

3 (a) Beginning on January 1, 2016, no person may engage in
4 business as a retailer of cigarettes in this State without
5 first having obtained a license from the Department.
6 Application for license shall be made to the Department, by
7 electronic means, in a form prescribed by the Department. Each
8 applicant for a license under this Section shall furnish to
9 the Department in a form signed and verified by the applicant
10 under penalty of perjury, in an electronic format established
11 by the Department, the following information:

12 (1) the name and address of the applicant;

13 (2) the address of the location at which the applicant
14 proposes to engage in business as a retailer of cigarettes
15 in this State; and

16 (3) such other additional information as the
17 Department may lawfully require by its rules ~~and~~
18 ~~regulations~~.

19 The annual license fee payable to the Department for each
20 retailer's license shall be \$75. The fee shall be deposited
21 into the Tax Compliance and Administration Fund and shall be
22 for the cost of tobacco retail inspection and contraband
23 tobacco and tobacco smuggling with at least two-thirds of the
24 money being used for contraband tobacco and tobacco smuggling
25 operations and enforcement.

1 Each applicant for a license shall pay the fee to the
2 Department at the time of submitting its application for a
3 license to the Department. The Department shall require an
4 applicant for a license under this Section to electronically
5 file and pay the fee.

6 A separate annual license fee shall be paid for each place
7 of business at which a person who is required to procure a
8 retailer's license under this Section proposes to engage in
9 business as a retailer in Illinois under this Act.

10 (b) The following are ineligible to receive a retailer's
11 license under this Section Act:

12 (1) a person who has been convicted of a felony
13 related to the illegal transportation, sale, or
14 distribution of cigarettes, or a tobacco-related felony,
15 under any federal or State law, if the Department, after
16 investigation and consideration of any mitigating factors
17 and evidence of rehabilitation contained in the
18 applicant's record, including those provided in Section 4i
19 of the Act, and a hearing, if requested by the applicant,
20 determines that the person has not been sufficiently
21 rehabilitated to warrant the public trust; or

22 (2) a corporation, if any officer, manager, or
23 director thereof, or any stockholder or stockholders
24 owning in the aggregate more than 5% of the stock of such
25 corporation, would not be eligible to receive a license
26 under this Act for any reason; a limited liability

1 company, if any member or managing member would not be
2 eligible to receive a license under this Act for any
3 reason; a partnership, if any partner would not be
4 eligible to receive a license under this Act for any
5 reason.

6 The Department shall not issue a retailer's license to a
7 retailer unless the retailer is also registered under the
8 Retailers' Occupation Tax Act. A person who obtains a license
9 as a retailer who ceases to do business as specified in the
10 license, or who never commenced business, or whose license is
11 suspended or revoked, shall immediately surrender the license
12 to the Department.

13 (c) The Department, upon receipt of an application and
14 license fee, in proper form, from a person who is eligible to
15 receive a retailer's license under this Section Act, shall
16 issue to such applicant a license in form as prescribed by the
17 Department. That license shall permit the applicant to whom it
18 is issued to engage in business as a retailer under this Act at
19 the place shown in the ~~his or her~~ application. All licenses
20 issued by the Department under this Section shall be valid for
21 a period not to exceed one year after issuance unless sooner
22 revoked, canceled, or suspended as provided in this Act. No
23 license issued under this Section is transferable or
24 assignable. The license shall be conspicuously displayed in
25 the place of business conducted by the licensee in Illinois
26 under such license.

1 A licensed retailer shall notify the Department of any
2 change in the information contained on the application form,
3 including any change in ownership and shall do so within 30
4 days after the change.

5 ~~The Department shall not issue a retailer's license to a~~
6 ~~retailer unless the retailer is also registered under the~~
7 ~~Retailers' Occupation Tax Act. A person who obtains a license~~
8 ~~as a retailer who ceases to do business as specified in the~~
9 ~~license, or who never commenced business, or whose license is~~
10 ~~suspended or revoked, shall immediately surrender the license~~
11 ~~to the Department.~~

12 Any person aggrieved by any decision of the Department
13 under this Section may, within 30 days after notice of the
14 decision, protest and request a hearing. Upon receiving a
15 request for a hearing, the Department shall give written
16 notice to the person requesting the hearing of the time and
17 place fixed for the hearing and shall hold a hearing in
18 conformity with the provisions of this Act and then issue its
19 final administrative decision in the matter to that person. In
20 the absence of a protest and request for a hearing within 30
21 days, the Department's decision shall become final without any
22 further determination being made or notice given.

23 (Source: P.A. 98-1055, eff. 1-1-16; 99-78, 7-20-15; 99-192,
24 eff. 1-1-16.)

1 Sec. 4i. Applicant convictions.

2 (a) The Department shall not require applicants to report
3 the following information and shall not consider the following
4 criminal history records in connection with an application for
5 a license or permit under this Act:

6 (1) Juvenile adjudications of delinquent minors as
7 defined in Section 5-105 of the Juvenile Court Act of
8 1987, subject to the restrictions set forth in Section
9 5-130 of the Juvenile Court Act of 1987.

10 (2) Law enforcement records, court records, and
11 conviction records of an individual who was 17 years old
12 at the time of the offense and before January 1, 2014,
13 unless the nature of the offense required the individual
14 to be tried as an adult.

15 (3) Records of arrest not followed by a conviction.

16 (4) Convictions overturned by a higher court.

17 (5) Convictions or arrests that have been sealed or
18 expunged.

19 (b) The Department, upon a finding that an applicant for a
20 license or permit was previously convicted of a felony under
21 any federal or State law, shall consider any mitigating
22 factors and evidence of rehabilitation contained in the
23 applicant's record, including any of the following factors and
24 evidence, to determine if the applicant has been sufficiently
25 rehabilitated and whether a prior conviction will impair the
26 ability of the applicant to engage in the position for which a

1 license or permit is sought:

2 (1) the lack of direct relation of the offense for
3 which the applicant was previously convicted to the
4 duties, functions, and responsibilities of the position
5 for which a license or permit is sought;

6 (2) whether 5 years since a felony conviction or 3
7 years since release from confinement for the conviction,
8 whichever is later, have passed without a subsequent
9 conviction;

10 (3) if the applicant was previously licensed or
11 employed in this State or other states or jurisdictions,
12 then the lack of prior misconduct arising from or related
13 to the licensed position or position of employment;

14 (4) the age of the person at the time of the criminal
15 offense;

16 (5) successful completion of sentence and, for
17 applicants serving a term of parole or probation, a
18 progress report provided by the applicant's probation or
19 parole officer that documents the applicant's compliance
20 with conditions of supervision;

21 (6) evidence of the applicant's present fitness and
22 professional character;

23 (7) evidence of rehabilitation or rehabilitative
24 effort during or after incarceration, or during or after a
25 term of supervision, including, but not limited to, a
26 certificate of good conduct under Section 5-5.5-25 of the

1 Unified Code of Corrections or a certificate of relief
2 from disabilities under Section 5-5.5-10 of the Unified
3 Code of Corrections; and

4 (8) any other mitigating factors that contribute to
5 the person's potential and current ability to perform the
6 duties and responsibilities of the position for which a
7 license, permit or employment is sought.

8 (c) If the Department refuses to issue a license or permit
9 to an applicant, then the Department shall notify the
10 applicant of the denial in writing with the following included
11 in the notice of denial:

12 (1) a statement about the decision to refuse to issue
13 a license or permit;

14 (2) a list of the convictions that the Department
15 determined will impair the applicant's ability to engage
16 in the position for which a license or permit is sought;

17 (3) a list of convictions that formed the sole or
18 partial basis for the refusal to issue a license or
19 permit; and

20 (4) (blank). ~~a summary of the appeal process or the~~
21 ~~earliest the applicant may reapply for a license,~~
22 ~~whichever is applicable.~~

23 (d) No later than May 1 of each year, the Department must
24 prepare, publicly announce, and publish a report of summary
25 statistical information relating to new and renewal license or
26 permit applications during the preceding calendar year. Each

1 report shall show, at a minimum:

2 (1) the number of applicants for a new or renewal
3 license or permit under this Act within the previous
4 calendar year;

5 (2) the number of applicants for a new or renewal
6 license or permit under this Act within the previous
7 calendar year who had any criminal conviction;

8 (3) the number of applicants for a new or renewal
9 license or permit under this Act in the previous calendar
10 year who were granted a license or permit;

11 (4) the number of applicants for a new or renewal
12 license or permit with a criminal conviction who were
13 granted a license or permit under this Act within the
14 previous calendar year;

15 (5) the number of applicants for a new or renewal
16 license or permit under this Act within the previous
17 calendar year who were denied a license or permit; and

18 (6) the number of applicants for a new or renewal
19 license or permit with a criminal conviction who were
20 denied a license or permit under this Act in the previous
21 calendar year in whole or in part because of a prior
22 conviction.

23 (Source: P.A. 100-286, eff. 1-1-18.)

24 (35 ILCS 130/6) (from Ch. 120, par. 453.6)

25 Sec. 6. Revocation, cancellation, or suspension of

1 license.

2 (a) The Department may, after notice and hearing as
3 provided for by this Act, revoke, cancel or suspend the
4 license of any distributor, secondary distributor, or
5 retailer:

6 (1) for the violation of any provision of this Act, or
7 for noncompliance with any provision herein contained, or
8 for any noncompliance with any lawful rule ~~or regulation~~
9 promulgated by the Department under Section 8 of this Act,
10 or

11 (2) because the licensee is determined to be
12 ineligible for a distributor's license for any one or more
13 of the reasons provided for in Section 4 of this Act, or

14 (3) because the licensee is determined to be
15 ineligible for a secondary distributor's license for any
16 one or more of the reasons provided for in Section 4c of
17 this Act, or

18 (4) because the licensee is determined to be
19 ineligible for a retailer's license for any one or more of
20 the reasons provided for in Section 4g of this Act.

21 However, no such license shall be revoked, cancelled or
22 suspended, except after a hearing by the Department with
23 notice to the distributor, secondary distributor, or retailer,
24 as aforesaid, and affording such distributor, secondary
25 distributor, or retailer a reasonable opportunity to appear
26 and defend, and any distributor, secondary distributor, or

1 retailer aggrieved by any decision of the Department with
2 respect thereto may have the determination of the Department
3 judicially reviewed, as herein provided.

4 (b) The Department may revoke, cancel, or suspend the
5 license of any distributor for a violation of the Tobacco
6 Products Manufacturers' Escrow Enforcement Act of 2003 as
7 provided in Section 30 of that Act. The Department may revoke,
8 cancel, or suspend the license of any secondary distributor
9 for a violation of subsection (e) of Section 15 of the Tobacco
10 Products Manufacturers' Escrow Enforcement Act of 2003.

11 (c) If the retailer has a training program that
12 facilitates compliance with minimum-age tobacco laws, the
13 Department shall suspend for 3 days the license of that
14 retailer for a fourth or subsequent violation of the
15 Prevention of Tobacco Use by Persons under 21 Years of Age and
16 Sale and Distribution of Tobacco Products Act, as provided in
17 subsection (a) of Section 2 of that Act. For the purposes of
18 this Section, any violation of subsection (a) of Section 2 of
19 the Prevention of Tobacco Use by Persons under 21 Years of Age
20 and Sale and Distribution of Tobacco Products Act occurring at
21 the retailer's licensed location during a 24-month period
22 shall be counted as a violation against the retailer.

23 (d) If the retailer does not have a training program that
24 facilitates compliance with minimum-age tobacco laws, the
25 Department shall suspend for 3 days the license of that
26 retailer for a second violation of the Prevention of Tobacco

1 Use by Persons under 21 Years of Age and Sale and Distribution
2 of Tobacco Products Act, as provided in subsection (a-5) of
3 Section 2 of that Act.

4 If the retailer does not have a training program that
5 facilitates compliance with minimum-age tobacco laws, the
6 Department shall suspend for 7 days the license of that
7 retailer for a third violation of the Prevention of Tobacco
8 Use by Persons under 21 Years of Age and Sale and Distribution
9 of Tobacco Products Act, as provided in subsection (a-5) of
10 Section 2 of that Act.

11 If the retailer does not have a training program that
12 facilitates compliance with minimum-age tobacco laws, the
13 Department shall suspend for 30 days the license of a retailer
14 for a fourth or subsequent violation of the Prevention of
15 Tobacco Use by Persons under 21 Years of Age and Sale and
16 Distribution of Tobacco Products Act, as provided in
17 subsection (a-5) of Section 2 of that Act.

18 A training program that facilitates compliance with
19 minimum-age tobacco laws must include at least the following
20 elements: (i) it must explain that only individuals displaying
21 valid identification demonstrating that they are 21 years of
22 age or older shall be eligible to purchase cigarettes or
23 tobacco products and (ii) it must explain where a clerk can
24 check identification for a date of birth. The training may be
25 conducted electronically. Each retailer that has a training
26 program shall require each employee who completes the training

1 program to sign a form attesting that the employee has
2 received and completed tobacco training. The form shall be
3 kept in the employee's file and may be used to provide proof of
4 training.

5 (e) Any distributor, secondary distributor, or retailer
6 aggrieved by any decision of the Department under this Section
7 may, within 30 ~~20~~ days after notice of the decision, protest
8 and request a hearing. Upon receiving a request for a hearing,
9 the Department shall give notice in writing to the
10 distributor, secondary distributor, or retailer requesting the
11 hearing that contains a statement of the charges preferred
12 against the distributor, secondary distributor, or retailer
13 and that states the time and place fixed for the hearing. The
14 Department shall hold the hearing in conformity with the
15 provisions of this Act and then issue its final administrative
16 decision in the matter to the distributor, secondary
17 distributor, or retailer. In the absence of a protest and
18 request for a hearing within 30 ~~20~~ days, the Department's
19 decision shall become final without any further determination
20 being made or notice given.

21 (f) No license so revoked, as aforesaid, shall be reissued
22 to any such distributor, secondary distributor, or retailer
23 within a period of 6 months after the date of the final
24 determination of such revocation. No such license shall be
25 reissued at all so long as the person who would receive the
26 license is ineligible to receive a distributor's license under

1 this Act for any one or more of the reasons provided for in
2 Section 4 of this Act, is ineligible to receive a secondary
3 distributor's license under this Act for any one or more of the
4 reasons provided for in Section 4c of this Act, or is
5 determined to be ineligible for a retailer's license under the
6 Act for any one or more of the reasons provided for in Section
7 4g of this Act.

8 The Department upon complaint filed in the circuit court
9 may by injunction restrain any person who fails, or refuses,
10 to comply with any of the provisions of this Act from acting as
11 a distributor, secondary distributor, or retailer of
12 cigarettes in this State.

13 (Source: P.A. 104-6, eff. 6-16-25.)

14 (35 ILCS 130/21) (from Ch. 120, par. 453.21)

15 Sec. 21. Destruction or use of forfeited property.

16 (a) When any original packages of cigarettes or any
17 cigarette vending device shall have been declared forfeited to
18 the State by the Department, as provided in Section 18a of this
19 Act, and when all proceedings for the judicial review of the
20 Department's decision have terminated, the Department shall,
21 to the extent that its decision is sustained on review,
22 destroy or maintain and use such property in an undercover
23 capacity.

24 (b) The Department may, prior to any destruction of
25 cigarettes, permit the true holder of the trademark rights in

1 the cigarette brand to inspect such contraband cigarettes in
2 order to assist the Department in any investigation regarding
3 such cigarettes.

4 (c) The cost of destruction shall be assessed against the
5 owner or the person in possession of the forfeited property.
6 That cost shall be assessed regardless of whether the
7 forfeiture is determined by hearing or waiver.

8 (d) Any person aggrieved by any decision of the Department
9 under this Section may, within 30 days after notice of the
10 decision, protest and request a hearing. Upon receiving a
11 written request for a hearing, the Department shall give
12 notice to the person requesting the hearing of the time and
13 place fixed for the hearing and shall hold a hearing in
14 conformity with the provisions of this Act and then issue its
15 final administrative decision in the matter to that person. In
16 the absence of a protest and request for a hearing within 30
17 days, the Department's decision shall become final without any
18 further determination being made or notice given. If a hearing
19 has already been set pursuant to Section 18a or Section 6 of
20 this Act, all issues related to the cost of destruction shall
21 be heard simultaneously.

22 (Source: P.A. 94-776, eff. 5-19-06; 95-1053, eff. 1-1-10.)

23 (35 ILCS 130/9c rep.)

24 Section 15. The Cigarette Tax Act is amended by repealing
25 Section 9c.

1 Section 20. The Cigarette Use Tax Act is amended by
2 changing Sections 4, 4b, 6, 7, 7a, and 27 as follows:

3 (35 ILCS 135/4) (from Ch. 120, par. 453.34)

4 Sec. 4. Distributor's license.

5 (a) A distributor maintaining a place of business in this
6 State, if required to procure a license or allowed to obtain a
7 permit as a distributor under the Cigarette Tax Act, need not
8 obtain an additional license or permit under this Section Act,
9 but shall be deemed to be sufficiently licensed or registered
10 by virtue of ~~his~~ being licensed or registered under the
11 Cigarette Tax Act.

12 Every distributor maintaining a place of business in this
13 State, if not required to procure a license or allowed to
14 obtain a permit as a distributor under the Cigarette Tax Act,
15 shall make an ~~a verified~~ application to the Department, by
16 electronic means, in ~~(upon a form prescribed and furnished by~~
17 ~~the Department)~~ for a license to act as a distributor under
18 this Section. Each applicant for a license under this Section
19 shall furnish to the Department in a form signed and verified
20 by the applicant under penalty of perjury, in an electronic
21 format established by the Department, the following: Act. In
22 ~~completing such application, the applicant shall furnish such~~
23 ~~information as the Department may reasonably require~~

24 (1) a statement that the applicant will fully comply

1 with the Tobacco Products Manufacturers' Escrow
2 Enforcement Act of 2003; and

3 (2) the following information:

4 (A) the name and address of the applicant;

5 (B) the address of the location at which the
6 applicant proposes to engage in business as a
7 distributor of cigarettes in this State; and

8 (C) such other additional information as the
9 Department may reasonably require by its rules.

10 The ~~annual~~ license fee payable to the Department for the
11 initial and each renewal distributor's license shall be \$250.
12 The purpose of such initial and renewal ~~annual~~ license fees
13 ~~fee~~ is to defray the cost, to the Department, of serializing
14 cigarette tax stamps. The applicant for license shall pay such
15 fee to the Department at the time of submitting the
16 application for license to the Department.

17 Through June 30, 2027, such ~~Such~~ applicant shall file, with
18 the ~~his~~ application, a joint and several bond. Such bond shall
19 be executed to the Department of Revenue, with good and
20 sufficient surety or sureties residing or licensed to do
21 business within the State of Illinois, in the amount of
22 \$2,500, conditioned upon the true and faithful compliance by
23 the licensee with all of the provisions of this Act. Such bond,
24 or a reissue thereof, or a substitute therefor, shall be kept
25 in effect during the entire period covered by the license.
26 Beginning July 1, 2027, applicants are no longer required to

1 file a bond with their application. The Department shall
2 discharge any surety and shall release and return any bond
3 provided to it by a taxpayer under this Section within 90 days
4 after July 1, 2027, provided that the taxpayer is not
5 delinquent or deficient in the payment of tax liability.

6 A separate application for license shall be made and ~~7~~ a
7 separate ~~annual~~ license fee paid, ~~and a separate bond filed,~~
8 for each place of business at or from which the applicant
9 proposes to act as a distributor under this Section ~~Act~~ and for
10 which the applicant is not required to procure a license or
11 allowed to obtain a permit as a distributor under the
12 Cigarette Tax Act.

13 (b) The following are ineligible to receive a
14 distributor's license under this Section ~~Act~~:

15 (1) a person who is not of good character and
16 reputation in the community in which the person ~~he~~
17 resides; the Department may consider prior conviction of a
18 felony, but, except as provided in paragraph (2), the
19 conviction shall not operate as an absolute bar to
20 licensure;

21 (2) a person who has been convicted of a felony under
22 any federal ~~Federal~~ or State law, if the Department, after
23 investigation and consideration of any mitigating factors
24 and evidence of rehabilitation contained in the
25 applicant's record, including those provided in Section 4i
26 of the Cigarette Tax Act, and a hearing, if requested by

1 the applicant, determines that such person has not been
2 sufficiently rehabilitated to warrant the public trust and
3 the conviction will impair the ability of the person to
4 engage in the position for which a license is sought;

5 (3) a corporation, if any officer, manager, or
6 director thereof, or any stockholder or stockholders
7 owning in the aggregate more than 5% of the stock of such
8 corporation, would not be eligible to receive a license
9 hereunder for any reason;

10 (4) a person who has delinquent reports under Section
11 25 of the Tobacco Products Manufacturers' Escrow
12 Enforcement Act of 2003; or

13 (5) a person, or any person who owns more than 15% ~~15~~
14 percent of the ownership interests in a person or a
15 related party who:

16 (A) ~~(a)~~ owes, at the time of application, any
17 delinquent ~~cigarette~~ taxes that have been determined
18 by law to be due and unpaid under this Act or any other
19 tax Act administered by the Department, unless the
20 license applicant has entered into an agreement
21 approved by the Department to pay the amount due;

22 (B) ~~(b)~~ had a license under this Act, the
23 Cigarette Tax Act, the Tobacco Products Tax Act of
24 1995, or the Cigarette Machine Operator's Occupation
25 Tax Act revoked within the past 2 years by the
26 Department for misconduct relating to stolen or

1 contraband cigarettes or has been convicted of a State
2 or federal crime, punishable by imprisonment of one
3 year or more, relating to stolen or contraband
4 cigarettes;

5 (C) ~~(c)~~ manufactures cigarettes, whether in this
6 State or out of this State, and who is neither (i) a
7 participating manufacturer as defined in subsection
8 II(jj) of the "Master Settlement Agreement" as defined
9 in Sections 10 of the Tobacco Product ~~Products~~
10 Manufacturers' Escrow Act and the Tobacco Products
11 Manufacturers' Escrow Enforcement Act of 2003 ~~(30 ILCS~~
12 ~~168/10 and 30 ILCS 167/10)~~; nor (ii) in full
13 compliance with Tobacco Product ~~Products~~
14 Manufacturers' Escrow Act and the Tobacco Products
15 Manufacturers' Escrow Enforcement Act of 2003 ~~(30 ILCS~~
16 ~~168/ and 30 ILCS 167/)~~;

17 (D) ~~(d)~~ has been found by the Department, after
18 notice and a hearing, to have imported or caused to be
19 imported into the United States for sale or
20 distribution any cigarette in violation of 19 U.S.C.
21 1681a;

22 (E) ~~(e)~~ has been found by the Department, after
23 notice and a hearing, to have imported or caused to be
24 imported into the United States for sale or
25 distribution or manufactured for sale or distribution
26 in the United States any cigarette that does not fully

1 comply with the Federal Cigarette Labeling and
2 Advertising Act (15 U.S.C. 1331, et seq.); or

3 (F) ~~(f)~~ has been found by the Department, after
4 notice and a hearing, to have made a materially
5 ~~material~~ false statement in the application or has
6 failed to produce records required to be maintained by
7 this Act.

8 (c) Upon receipt ~~approval~~ of an such application ~~and bond~~
9 and payment of the required ~~annual~~ license fee from a person
10 who is eligible to receive a distributor's license under this
11 Section, ~~τ~~ the Department shall issue a license to the
12 applicant. Such license shall permit the applicant to engage
13 in business as a distributor at or from the place shown in the
14 ~~his~~ application. All licenses issued by the Department under
15 this Section ~~Act~~ shall be valid for a period not to exceed one
16 year after issuance unless sooner revoked, canceled, or
17 suspended as in this Act provided. No license issued under
18 this Section ~~Act~~ is transferable or assignable. Such license
19 shall be conspicuously displayed at the place of business for
20 which it is issued.

21 No distributor licensee acquires any vested interest or
22 compensable property right in a license issued under this
23 Section ~~Act~~.

24 A licensed distributor shall notify the Department of any
25 change in the information contained on the application form,
26 including any change in ownership, and shall do so within 30

1 days after any such change.

2 Any person aggrieved by any decision of the Department
3 under this Section may, within 30 ~~20~~ days after notice of the
4 decision, protest and request a hearing. Upon receiving a
5 request for a hearing, the Department shall give notice to the
6 person requesting the hearing of the time and place fixed for
7 the hearing and shall hold a hearing in conformity with the
8 provisions of this Act and then issue its final administrative
9 decision in the matter to that person. In the absence of a
10 protest and request for a hearing within 30 ~~20~~ days, the
11 Department's decision shall become final without any further
12 determination being made or notice given.

13 (Source: P.A. 95-1053, eff. 1-1-10; 96-782, eff. 1-1-10.)

14 (35 ILCS 135/4b)

15 Sec. 4b. Secondary distributor's license.

16 (a) No person may engage in business as a secondary
17 distributor of cigarettes in this State without first having
18 obtained a license ~~therefor~~ from the Department. A secondary
19 distributor maintaining a place of business within this State,
20 if required to procure a license as a secondary distributor
21 under the Cigarette Tax Act, need not obtain an additional
22 license or permit under this Section ~~Act~~, but shall be deemed
23 to be sufficiently licensed or registered by virtue of ~~his~~
24 being licensed or registered under the Cigarette Tax Act.

25 Every secondary distributor maintaining a place of

1 business in this State, if not required to procure a license
2 under the Cigarette Tax Act, shall make application for a
3 license, by electronic means, in ~~on~~ a form ~~as furnished and~~
4 prescribed by the Department. Such applicant shall furnish ~~the~~
5 ~~following information~~ to the Department in ~~on~~ a form signed
6 and verified by the applicant under penalty of perjury, in an
7 electronic format established by the Department, the
8 following:

9 (1) a statement that the applicant will fully comply
10 with the Tobacco Products Manufacturers' Escrow
11 Enforcement Act of 2003; and

12 (2) the following information:

13 (A) the name and address of the applicant;

14 (B) ~~(2)~~ the address of the location at which the
15 applicant proposes to engage in business as a
16 secondary distributor of cigarettes in this State; and

17 (C) ~~(3)~~ such other additional information as the
18 Department may reasonably require by its rules.

19 The ~~annual~~ license fee payable to the Department for the
20 initial and each renewal secondary distributor's license shall
21 be \$250. The applicant for license shall pay such fee to the
22 Department at the time of submitting the application for
23 license to the Department.

24 A separate application for license shall be made and a
25 separate ~~annual~~ license fee paid, for each place of business
26 at or from which the applicant proposes to act as a secondary

1 distributor under this Section Act and for which the applicant
2 is not required to procure a license as a secondary
3 distributor under the Cigarette Tax Act.

4 (b) The following are ineligible to receive a secondary
5 distributor's license under this Section Act:

6 (1) a person who is not of good character and
7 reputation in the community in which the person he
8 resides; the Department may consider prior conviction of a
9 felony, but, except as provided in paragraph (2), the
10 conviction shall not operate as an absolute bar to
11 licensure;

12 (2) a person who has been convicted of a felony under
13 any federal Federal or State law, if the Department, after
14 investigation and consideration of any mitigating factors
15 and evidence of rehabilitation contained in the
16 applicant's record, including those in Section 4i of the
17 Cigarette Tax Act, and a hearing, if requested by the
18 applicant, determines that such person has not been
19 sufficiently rehabilitated to warrant the public trust and
20 the conviction will impair the ability of the person to
21 engage in the position for which a license is sought;

22 (3) a corporation, if any officer, manager, or
23 director thereof, or any stockholder or stockholders
24 owning in the aggregate more than 5% of the stock of such
25 corporation, would not be eligible to receive a license
26 under this Act hereunder for any reason;

1 (4) a person who manufactures cigarettes, whether in
2 this State or out of this State, and who is neither (i) a
3 participating manufacturer as defined in subsection II(jj)
4 of the "Master Settlement Agreement" as defined in
5 Sections 10 of the Tobacco Product Manufacturers' Escrow
6 Act and the Tobacco Products Manufacturers' Escrow
7 Enforcement Act of 2003; nor (ii) in full compliance with
8 Tobacco Product Manufacturers' Escrow Act and the Tobacco
9 Products Manufacturers' Escrow Enforcement Act of 2003;

10 (5) a person who has delinquent reports under Section
11 25 of the Tobacco Products Manufacturers' Escrow
12 Enforcement Act of 2003; or

13 (6) a person, or any person who owns more than 15% ~~15~~
14 percent of the ownership interests in a person or a
15 related party who:

16 (A) owes, at the time of application, any
17 delinquent ~~cigarette~~ taxes that have been determined
18 by law to be due and unpaid under this Act or any other
19 tax Act administered by the Department, unless the
20 license applicant has entered into an agreement
21 approved by the Department to pay the amount due;

22 (B) had a license under this Act, ~~or~~ the Cigarette
23 Tax Act, the Tobacco Products Tax Act of 1995, or the
24 Cigarette Machine Operator's Occupation Tax Act
25 revoked within the past 2 years by the Department for
26 misconduct relating to stolen or contraband cigarettes

1 or has been convicted of a State or federal crime,
2 punishable by imprisonment of one year or more,
3 relating to stolen or contraband cigarettes;

4 (C) has been found by the Department, after notice
5 and a hearing, to have imported or caused to be
6 imported into the United States for sale or
7 distribution any cigarette in violation of 19 U.S.C.
8 1681a;

9 (D) has been found by the Department, after notice
10 and a hearing, to have imported or caused to be
11 imported into the United States for sale or
12 distribution or manufactured for sale or distribution
13 in the United States any cigarette that does not fully
14 comply with the Federal Cigarette Labeling and
15 Advertising Act (15 U.S.C. 1331, et seq.); or

16 (E) has been found by the Department, after notice
17 and a hearing, to have made a materially ~~material~~
18 false statement in the application or has failed to
19 produce records required to be maintained by this Act.

20 (c) The Department, upon receipt of an ~~Upon approval of~~
21 ~~such~~ application and payment of the required ~~annual~~ license
22 fee, from a person who is eligible to receive a secondary
23 distributor's license under this Section, ~~the Department~~ shall
24 issue a license to the applicant. Such license shall permit
25 the applicant to engage in business as a secondary distributor
26 at or from the place shown in the ~~his~~ application. All licenses

1 issued by the Department under this Section ~~Act~~ shall be valid
2 for a period not to exceed one year after issuance unless
3 sooner revoked, canceled or suspended as provided in this Act
4 ~~provided~~. No license issued under this Section ~~Act~~ is
5 transferable or assignable. Such license shall be
6 conspicuously displayed at the place of business for which it
7 is issued.

8 No secondary distributor licensee acquires any vested
9 interest or compensable property right in a license issued
10 under this Section ~~Act~~.

11 A licensed secondary distributor shall notify the
12 Department of any change in the information contained on the
13 application form, including any change in ownership, and shall
14 do so within 30 days after any such change.

15 Any person aggrieved by any decision of the Department
16 under this Section may, within 30 ~~20~~ days after notice of the
17 decision, protest and request a hearing. Upon receiving a
18 request for a hearing, the Department shall give notice to the
19 person requesting the hearing of the time and place fixed for
20 the hearing and shall hold a hearing in conformity with the
21 provisions of this Act and then issue its final administrative
22 decision in the matter to that person. In the absence of a
23 protest and request for a hearing within 30 ~~20~~ days, the
24 Department's decision shall become final without any further
25 determination being made or notice given.

26 (Source: P.A. 96-1027, eff. 7-12-10.)

1 (35 ILCS 135/6) (from Ch. 120, par. 453.36)

2 Sec. 6. Revocation, cancellation, or suspension of
3 license.

4 (a) The Department may, after notice and hearing as
5 provided for by this Act, revoke, cancel or suspend the
6 license of any distributor or secondary distributor for the
7 violation of any provision of this Act, or for non-compliance
8 with any provision herein contained, or for any non-compliance
9 with any lawful rule ~~or regulation~~ promulgated by the
10 Department under Section 21 of this Act, or because the
11 licensee is determined to be ineligible for a distributor's
12 license for any one or more of the reasons provided for in
13 Section 4 of this Act, or because the licensee is determined to
14 be ineligible for a secondary distributor's license for any
15 one or more of the reasons provided for in Section 4b or
16 Section 7a of this Act. However, no such license shall be
17 revoked, canceled or suspended, except after a hearing by the
18 Department with notice to the distributor or secondary
19 distributor, as aforesaid, and affording such distributor or
20 secondary distributor a reasonable opportunity to appear and
21 defend, and any distributor or secondary distributor aggrieved
22 by any decision of the Department with respect thereto may
23 have the determination of the Department judicially reviewed,
24 as herein provided.

25 (b) The Department may revoke, cancel, or suspend the

1 license of any distributor for a violation of the Tobacco
2 Products Manufacturers' Escrow Enforcement Act of 2003 as
3 provided in Section 30 of that Act. The Department may revoke,
4 cancel, or suspend the license of any secondary distributor
5 for a violation of subsection (e) of Section 15 of the Tobacco
6 Products Manufacturers' Escrow Enforcement Act of 2003.

7 (c) Any distributor or secondary distributor aggrieved by
8 any decision of the Department under this Section may, within
9 30 ~~20~~ days after notice of the decision, protest and request a
10 hearing. Upon receiving a request for a hearing, the
11 Department shall give notice in writing to the distributor or
12 secondary distributor requesting the hearing that contains a
13 statement of the charges preferred against the distributor or
14 secondary distributor and that states the time and place fixed
15 for the hearing. The Department shall hold the hearing in
16 conformity with the provisions of this Act and then issue its
17 final administrative decision in the matter to the distributor
18 or secondary distributor. In the absence of a protest and
19 request for a hearing within 30 ~~20~~ days, the Department's
20 decision shall become final without any further determination
21 being made or notice given.

22 No license so revoked, shall be reissued to any such
23 distributor or secondary distributor within a period of 6
24 months after the date of the final determination of such
25 revocation. No such license shall be reissued at all so long as
26 the person who would receive the license is ineligible to

1 receive a distributor's license under this Act for any one or
2 more of the reasons provided for in Section 4 of this Act or is
3 ineligible to receive a secondary distributor's license under
4 this Act for any one or more of the reasons provided for in
5 Section 4b and Section 7a of this Act.

6 The Department upon complaint filed in the circuit court
7 may by injunction restrain any person who fails, or refuses,
8 to comply with this Act from acting as a distributor or
9 secondary distributor of cigarettes in this State.

10 (Source: P.A. 104-6, eff. 6-16-25.)

11 (35 ILCS 135/7) (from Ch. 120, par. 453.37)

12 Sec. 7. Distributor's permits.

13 (a) Cigarettes in original packages contained inside a
14 sealed transparent wrapper.

15 (1) The Department may, in its discretion, upon
16 application, issue permits authorizing the collection of
17 the tax herein imposed by those out-of-State cigarette
18 manufacturers who are not required to be licensed as
19 distributors of cigarettes in this State, but who elect to
20 qualify under this subsection ~~Act~~ as distributors of
21 cigarettes in this State, and who, to the satisfaction of
22 the Department, furnish adequate security to insure
23 collection and payment of the tax, provided that any such
24 permit shall extend only to cigarettes which such
25 permittee manufacturer places in original packages that

1 are contained inside a sealed transparent wrapper, and
2 provided that no such permit shall be issued under this
3 subsection Act to such a manufacturer who has obtained the
4 permit provided for in Section 4b(a) of the Cigarette Tax
5 Act. Application for a permit shall be made to the
6 Department, by electronic means, in a form prescribed by
7 the Department. Each applicant for a permit under this
8 subsection shall furnish to the Department in a form
9 signed and verified by the applicant under penalty of
10 perjury, in an electronic format established by the
11 Department, the following: Such distributor shall be
12 issued, without charge, a permit to collect such tax in
13 such manner, and subject to such reasonable regulations
14 and agreements as the Department shall prescribe

15 (A) a statement that the applicant will fully
16 comply with the Tobacco Products Manufacturers' Escrow
17 Enforcement Act of 2003; and

18 (B) the following information:

19 (i) the name and address of the applicant;

20 (ii) the address of the location at which the
21 applicant proposes to engage in business; and

22 (iii) such other additional information as the
23 Department may reasonably require by its rules.

24 When so authorized, it shall be the duty of such
25 distributor to collect the tax upon all cigarettes which the
26 distributor ~~he~~ delivers ~~(or causes to be delivered)~~ within

1 this State to licensed distributors, in the same manner and
2 subject to the same requirements as a distributor maintaining
3 a place of business within this State. ~~Such permit shall be in~~
4 ~~such form as the Department may prescribe and shall not be~~
5 ~~transferable or assignable.~~

6 (2) The following are ineligible to receive a
7 distributor's permit under this subsection ~~Act~~:

8 (A) ~~(1)~~ a person who is not of good character and
9 reputation in the community in which the person ~~he~~
10 resides; the Department may consider prior conviction
11 of a felony, but, except as provided in paragraph (B),
12 the conviction shall not operate as an absolute bar to
13 licensure;

14 (B) ~~(2)~~ a person who has been convicted of a felony
15 under any federal ~~Federal~~ or State law, if the
16 Department, after investigation and consideration of
17 any mitigating factors and evidence of rehabilitation
18 contained in the applicant's record, including those
19 provided in Section 4i of the Cigarette Tax Act, and a
20 hearing, if requested by the applicant, determines
21 that such person has not been sufficiently
22 rehabilitated to warrant the public trust and the
23 conviction will impair the ability of the person to
24 engage in the position for which a license is sought;

25 (C) ~~(3)~~ a corporation, if any officer, manager or
26 director thereof, or any stockholder or stockholders

1 owning in the aggregate more than 5% of the stock of
2 such corporation, would not be eligible to receive a
3 permit under this Act for any reason;

4 (D) a person who has delinquent reports under
5 Section 25 of the Tobacco Products Manufacturers'
6 Escrow Enforcement Act of 2003; or

7 (E) a person, or any person who owns more than 15%
8 of the ownership interests in a person or a related
9 party who:

10 (i) owes, at the time of application, any
11 delinquent taxes that have been determined by law
12 to be due and unpaid under this Act or any other
13 tax Act administered by the Department, unless the
14 applicant has entered into an agreement approved
15 by the Department to pay the amount due;

16 (ii) had a license under this Act, the
17 Cigarette Use Tax Act, the Tobacco Products Tax
18 Act of 1995, or the Cigarette Machine Operator's
19 Occupation Tax Act revoked within the past 2 years
20 by the Department for misconduct relating to
21 stolen or contraband cigarettes or has been
22 convicted of a State or federal crime, punishable
23 by imprisonment of one year or more, relating to
24 stolen or contraband cigarettes;

25 (iii) manufactures cigarettes, whether in this
26 State or out of this State, and who is neither (a)

1 a participating manufacturer as defined in
2 subsection II(jj) of the "Master Settlement
3 Agreement" as defined in Sections 10 of the
4 Tobacco Product Manufacturers' Escrow Act and the
5 Tobacco Products Manufacturers' Escrow Enforcement
6 Act of 2003; nor (b) in full compliance with
7 Tobacco Product Manufacturers' Escrow Act and the
8 Tobacco Products Manufacturers' Escrow Enforcement
9 Act of 2003;

10 (iv) has been found by the Department, after
11 notice and a hearing, to have imported or caused
12 to be imported into the United States for sale or
13 distribution any cigarette in violation of 19
14 U.S.C. 1681a;

15 (v) has been found by the Department, after
16 notice and a hearing, to have imported or caused
17 to be imported into the United States for sale or
18 distribution or manufactured for sale or
19 distribution in the United States any cigarette
20 that does not fully comply with the Federal
21 Cigarette Labeling and Advertising Act (15 U.S.C.
22 1331, et seq.); or

23 (vi) has been found by the Department, after
24 notice and a hearing, to have made a materially
25 false statement in the application or has failed
26 to produce records required to be maintained by

1 this Act.

2 (3) There is no application fee for the initial and
3 renewal permits. A permittee shall notify the Department
4 of any change in the information contained on the
5 application form, including any change in ownership, and
6 shall do so within 30 days after any such change. Such
7 permit shall not be transferable or assignable. A
8 permittee does not acquire any vested interest or
9 compensable property right in a permit issued under this
10 subsection.

11 With respect to cigarettes which come within the scope of
12 such a permit and which any such permittee delivers or causes
13 to be delivered in Illinois to licensed distributors, such
14 permittee shall collect the tax imposed by this Act and shall
15 remit such tax to the Department by the 5th day of each month
16 for the preceding calendar month. Each such remittance shall
17 be accompanied by a return filed with the Department in ~~on~~ a
18 form ~~to be~~ prescribed ~~and furnished~~ by the Department and
19 shall disclose such information as the Department may lawfully
20 require. Information that the Department may lawfully require
21 includes information related to the uniform regulation and
22 taxation of cigarettes. All returns and supporting schedules
23 required to be filed under this subsection and all payments
24 required to be made under this subsection shall be by
25 electronic means in the form prescribed by the Department ~~The~~
26 ~~Department may promulgate rules to require that the~~

1 ~~permittee's return be accompanied by appropriate~~
2 ~~computer-generated magnetic media supporting schedule data in~~
3 ~~the format prescribed by the Department, unless, as provided~~
4 ~~by rule, the Department grants an exception upon petition of~~
5 ~~the permittee.~~ Each such return shall be accompanied by a copy
6 of each invoice rendered by the permittee to any licensed
7 distributor to whom the permittee delivered cigarettes of the
8 type covered by the permit ~~for~~ caused cigarettes of the type
9 covered by the permit to be delivered~~d~~ in Illinois during the
10 period covered by such return.

11 Such authority and permit may be suspended, canceled, or
12 revoked when, at any time, the Department considers that the
13 security given is inadequate, or that such tax can more
14 effectively be collected from the person using such cigarettes
15 in this State or through distributors located in this State,
16 or whenever the permittee violates any provision of this Act
17 or any lawful rule ~~or regulation~~ issued by the Department
18 pursuant to this Act or is determined to be ineligible for a
19 distributor's permit under this Act as provided in this
20 Section, or whenever the permittee shall notify the Department
21 in writing ~~of his desire~~ to have the permit canceled. The
22 Department shall have the power, in its discretion, to issue a
23 new permit after such suspension, cancellation, or revocation,
24 except when the person who would receive the permit is
25 ineligible to receive a distributor's permit under this Act.

26 All permits issued by the Department under this subsection

1 ~~Act~~ shall be valid for not to exceed one year after issuance
2 unless sooner revoked, canceled or suspended as in this Act
3 provided.

4 Any person aggrieved by any decision of the Department
5 under this subsection may, within 30 days after notice of the
6 decision, protest and request a hearing. Upon receiving a
7 request for a hearing, the Department shall give notice to the
8 person requesting the hearing of the time and place fixed for
9 the hearing and shall hold a hearing in conformity with the
10 provisions of this Act and then issue its final administrative
11 decision in the matter to that person. In the absence of a
12 protest and request for a hearing within 30 days, the
13 Department's decision shall become final without any further
14 determination being made or notice given.

15 (b) Unstamped original packages of cigarettes for
16 distribution to the public for promotional purposes without
17 consideration.

18 (1) Out-of-state cigarette manufacturers who are not
19 required to be licensed as distributors of cigarettes in
20 this State and who do not elect to obtain approval under
21 subsection (a) to pay the tax imposed by this Act, but who
22 elect to qualify under this subsection ~~Act~~ as distributors
23 of cigarettes in this State for purposes of shipping and
24 delivering unstamped original packages of cigarettes into
25 this State to licensed distributors, shall obtain a permit
26 from the Department, provided that no such permit shall be

1 issued under this subsection to a manufacturer who has
2 obtained the permit provided for in Section 4b(b) of the
3 Cigarette Tax Act. ~~These permits shall be issued without~~
4 ~~charge in such form as the Department may prescribe and~~
5 ~~shall not be transferable or assignable.~~

6 Application for permit shall be made to the
7 Department, by electronic means, in a form prescribed by
8 the Department. Each applicant for a permit under this
9 subsection shall furnish to the Department in a form
10 signed and verified by the applicant under penalty of
11 perjury, in an electronic format established by the
12 Department, the following:

13 (A) a statement that the applicant will fully
14 comply with the Tobacco Products Manufacturers' Escrow
15 Enforcement Act of 2003; and

16 (B) the following information:

17 (i) the name and address of the applicant;

18 (ii) the address of the location at which the
19 applicant proposes to engage in business; and

20 (iii) such other additional information as the
21 Department may reasonably require by its rules.

22 (2) The following are ineligible to receive a
23 distributor's permit under this subsection:

24 (A) ~~(1)~~ a person who is not of good character and
25 reputation in the community in which the person ~~he or~~
26 ~~she~~ resides; the Department may consider prior

1 conviction of a felony, but, except as provided in
2 paragraph (B), the conviction shall not operate as an
3 absolute bar to licensure;

4 (B) ~~(2)~~ a person who has been convicted of a felony
5 under any federal or State law, if the Department,
6 after investigation and consideration of any
7 mitigating factors and evidence of rehabilitation
8 contained in the applicant's record, including those
9 provided in Section 4i of the Cigarette Tax Act, and a
10 hearing, if requested by the applicant, determines
11 that the person has not been sufficiently
12 rehabilitated to warrant the public trust and the
13 conviction will impair the ability of the person to
14 engage in the position for which a permit is sought;
15 and

16 (C) ~~(3)~~ a corporation, if any officer, manager or
17 director thereof, or any stockholder or stockholders
18 owning in the aggregate more than 5% of the stock of
19 the corporation, would not be eligible to receive a
20 permit under this Act for any reason;

21 (D) a person who has delinquent reports under
22 Section 25 of the Tobacco Products Manufacturers'
23 Escrow Enforcement Act of 2003 (30 ILCS 167/25); or

24 (E) a person, or any person who owns more than 15%
25 of the ownership interests in a person or a related
26 party who:

1 (i) owes, at the time of application, any
2 delinquent taxes that have been determined by law
3 to be due and unpaid under this Act or any other
4 tax Act administered by the Department, unless the
5 applicant has entered into an agreement approved
6 by the Department to pay the amount due;

7 (ii) had a license under this Act, the
8 Cigarette Tax Act, the Tobacco Products Tax Act of
9 1995, or the Cigarette Machine Operator's
10 Occupation Tax Act revoked within the past 2 years
11 by the Department for misconduct relating to
12 stolen or contraband cigarettes or has been
13 convicted of a State or federal crime, punishable
14 by imprisonment of one year or more, relating to
15 stolen or contraband cigarettes;

16 (iii) manufactures cigarettes, whether in this
17 State or out of this State, and who is neither (a)
18 a participating manufacturer as defined in
19 subsection II(jj) of the "Master Settlement
20 Agreement" as defined in Sections 10 of the
21 Tobacco Product Manufacturers' Escrow Act and the
22 Tobacco Products Manufacturers' Escrow Enforcement
23 Act of 2003; nor (b) in full compliance with
24 Tobacco Product Manufacturers' Escrow Act and the
25 Tobacco Products Manufacturers' Escrow Enforcement
26 Act of 2003;

1 (iv) has been found by the Department, after
2 notice and a hearing, to have imported or caused
3 to be imported into the United States for sale or
4 distribution any cigarette in violation of 19
5 U.S.C. 1681a;

6 (v) has been found by the Department, after
7 notice and a hearing, to have imported or caused
8 to be imported into the United States for sale or
9 distribution or manufactured for sale or
10 distribution in the United States any cigarette
11 that does not fully comply with the Federal
12 Cigarette Labeling and Advertising Act (15 U.S.C.
13 1331, et seq.); or

14 (vi) has been found by the Department, after
15 notice and a hearing, to have made a materially
16 false statement in the application or has failed
17 to produce records required to be maintained by
18 this Act.

19 (3) There is no application fee for the initial and
20 renewal permits. A permittee shall notify the Department
21 of any change in the information contained on the
22 application form, including any change in ownership, and
23 shall do so within 30 days after any such change. Such
24 permit shall not be transferable or assignable. A
25 permittee does not acquire any vested interest or
26 compensable property right in a permit issued under this

1 subsection.

2 With respect to original packages of cigarettes such
3 permittee delivers or causes to be delivered in Illinois and
4 distributed to the public for promotional purposes without
5 consideration, the permittee shall pay the tax imposed by this
6 Act by remitting the amount thereof to the Department by the
7 5th day of each month covering cigarettes shipped or otherwise
8 delivered in Illinois for those purposes during the preceding
9 calendar month. The permittee, before delivering those
10 cigarettes or causing those cigarettes to be delivered in this
11 State, shall evidence the ~~his or her~~ obligation to remit the
12 taxes due with respect to those cigarettes by imprinting
13 language to be prescribed by the Department on each original
14 package of cigarettes, in such place thereon and in such
15 manner also to be prescribed by the Department. The imprinted
16 language shall acknowledge the permittee's payment of or
17 liability for the tax imposed by this Act with respect to the
18 distribution of those cigarettes.

19 With respect to cigarettes such permittee delivers or
20 causes to be delivered in Illinois to Illinois licensed
21 distributors or distributed to the public for promotional
22 purposes, the permittee shall, by the 5th day of each month,
23 file with the Department, a report covering cigarettes shipped
24 or otherwise delivered in Illinois to licensed distributors or
25 distributed to the public for promotional purposes during the
26 preceding calendar month on a form to be prescribed and

1 furnished by the Department and shall disclose such other
2 information as the Department may lawfully require.
3 Information that the Department may lawfully require includes
4 information related to the uniform regulation and taxation of
5 cigarettes. All reports required to be filed under this
6 subsection and all payments required to be made under this
7 subsection shall be by electronic means in the form prescribed
8 by the Department ~~The Department may promulgate rules to~~
9 ~~require that the permittee's report be accompanied by~~
10 ~~appropriate computer-generated magnetic media supporting~~
11 ~~schedule data in the format prescribed by the Department,~~
12 ~~unless, as provided by rule, the Department grants an~~
13 ~~exception upon petition of the permittee.~~ Each such report
14 shall be accompanied by a copy of each invoice rendered by the
15 permittee to any purchaser to whom the permittee delivered
16 cigarettes of the type covered by the permit ~~(or caused~~
17 ~~cigarettes of the type covered by the permit to be delivered)~~
18 in Illinois during the period covered by such report.

19 Such permit may be suspended, canceled, or revoked
20 whenever the permittee violates any provision of this Act or
21 any lawful rule ~~or regulation~~ issued by the Department
22 pursuant to this Act, is determined to be ineligible for a
23 distributor's permit under this Act as provided in this
24 subsection ~~Section~~, or notifies the Department in writing ~~of~~
25 ~~his or her desire~~ to have the permit canceled. The Department
26 shall have the power, in its discretion, to issue a new permit

1 after such suspension, cancellation, or revocation, except
2 when the person who would receive the permit is ineligible to
3 receive a distributor's permit under this Act.

4 All permits issued by the Department under this subsection
5 ~~Act~~ shall be valid for a period not to exceed one year after
6 issuance unless sooner revoked, canceled, or suspended as in
7 this Act provided.

8 Any person aggrieved by any decision of the Department
9 under this subsection may, within 30 days after notice of the
10 decision, protest and request a hearing. Upon receiving a
11 request for a hearing, the Department shall give notice to the
12 person requesting the hearing of the time and place fixed for
13 the hearing and shall hold a hearing in conformity with the
14 provisions of this Act and then issue its final administrative
15 decision in the matter to that person. In the absence of a
16 protest and request for a hearing within 30 days, the
17 Department's decision shall become final without any further
18 determination being made or notice given.

19 (Source: P.A. 96-782, eff. 1-1-10.)

20 (35 ILCS 135/7a)

21 Sec. 7a. Discretionary secondary distributor's license.

22 (a) The Department may, in its discretion, upon
23 application, issue a secondary distributor's license to
24 persons who are not required to be licensed as secondary
25 distributors of cigarettes in this State, but who elect to

1 qualify under this Section ~~Act~~ as discretionary secondary
2 distributors of cigarettes. Such discretionary secondary
3 distributor shall be issued, ~~without charge,~~ a license to make
4 sales for resale to Illinois retailers, subject to such
5 reasonable requirements as the Department shall prescribe.
6 Each applicant for a license under this Section shall furnish
7 ~~the following information~~ to the Department, by electronic
8 means, in or on a form signed and verified by the applicant under
9 penalty of perjury, in an electronic format established by the
10 Department, the following:

11 (1) a statement that the applicant will fully comply
12 with the Tobacco Products Manufacturers' Escrow
13 Enforcement Act of 2003; and

14 (2) the following information:

15 (A) ~~(a)~~ the name and address of the applicant;

16 (B) ~~(b)~~ the address of the location at which the
17 applicant proposes to engage in business as a
18 discretionary secondary distributor of cigarettes; and

19 (C) ~~(c)~~ such other additional information as the
20 Department may reasonably require by its rules.

21 A separate application for license shall be made for each
22 place of business at or from which the applicant proposes to
23 act as a discretionary secondary distributor under this
24 Section ~~Act~~ and for which the applicant is not required to
25 procure a license as a secondary distributor under the
26 Cigarette Tax Act or Cigarette Use Tax Act.

1 **(b)** The following are ineligible to receive a
2 discretionary secondary distributor's license under this
3 Section Act:

4 (1) a person who is not of good character and
5 reputation in the community in which the person he
6 resides; the Department may consider prior conviction of a
7 felony, but, except as provided in paragraph (2), the
8 conviction shall not operate as an absolute bar to
9 licensure;

10 (2) a person who has been convicted of a felony under
11 any federal Federal or State law, if the Department, after
12 investigation and consideration of any mitigating factors
13 and evidence of rehabilitation contained in the
14 applicant's record, including those in Section 4i of the
15 Cigarette Tax Act, and a hearing, if requested by the
16 applicant, determines that such person has not been
17 sufficiently rehabilitated to warrant the public trust and
18 the conviction will impair the ability of the person to
19 engage in the position for which a license is sought;

20 (3) a corporation, if any officer, manager or director
21 thereof, or any stockholder or stockholders owning in the
22 aggregate more than 5% of the stock of such corporation,
23 would not be eligible to receive a license under this Act
24 hereunder for any reason;

25 (4) a person who manufactures cigarettes, whether in
26 this State or out of this State, and who is neither (i) a

1 participating manufacturer as defined in subsection II(jj)
2 of the "Master Settlement Agreement" as defined in
3 Sections 10 of the Tobacco Product Manufacturers' Escrow
4 Act and the Tobacco Products Manufacturers' Escrow
5 Enforcement Act of 2003; nor (ii) in full compliance with
6 Tobacco Product Manufacturers' Escrow Act and the Tobacco
7 Products Manufacturers' Escrow Enforcement Act of 2003;

8 (5) a person who has delinquent reports under Section
9 25 of the Tobacco Products Manufacturers' Escrow
10 Enforcement Act of 2003; or

11 (6) a person, or any person who owns more than 15% ~~15~~
12 percent of the ownership interests in a person or a
13 related party who:

14 (A) owes, at the time of application, any
15 delinquent ~~cigarette~~ taxes that have been determined
16 by law to be due and unpaid under this Act or any other
17 tax Act administered by the Department, unless the
18 license applicant has entered into an agreement
19 approved by the Department to pay the amount due;

20 (B) had a license under this Act, ~~or~~ the Cigarette
21 Tax Act, the Tobacco Products Tax Act of 1995, or the
22 Cigarette Machine Operator's Occupation Tax Act
23 revoked within the past 2 years by the Department for
24 misconduct relating to stolen or contraband cigarettes
25 or has been convicted of a State or federal crime,
26 punishable by imprisonment of one year or more,

1 relating to stolen or contraband cigarettes;

2 (C) has been found by the Department, after notice
3 and a hearing, to have imported or caused to be
4 imported into the United States for sale or
5 distribution any cigarette in violation of 19 U.S.C.
6 1681a;

7 (D) has been found by the Department, after notice
8 and a hearing, to have imported or caused to be
9 imported into the United States for sale or
10 distribution or manufactured for sale or distribution
11 in the United States any cigarette that does not fully
12 comply with the Federal Cigarette Labeling and
13 Advertising Act (15 U.S.C. 1331, et seq.); or

14 (E) has been found by the Department, after notice
15 and a hearing, to have made a materially ~~material~~
16 false statement in the application or has failed to
17 produce records required to be maintained by this Act.

18 (c) The Department, upon receipt of application from a
19 person who is eligible to receive a discretionary secondary
20 distributor's license under this Section, ~~Upon approval of~~
21 such application, the Department shall issue a license to the
22 applicant. Such license shall permit the applicant to engage
23 in business as a discretionary secondary distributor at or
24 from the place shown in the ~~his~~ application. There is no
25 application fee for the initial and renewal permits. All
26 licenses issued by the Department under this Section ~~Act~~ shall

1 be valid for a period not to exceed one year after issuance
2 unless sooner revoked, canceled, or suspended as provided in
3 this Act ~~provided~~. No license issued under this Section Act is
4 transferable or assignable. Such license shall be
5 conspicuously displayed at the place of business for which it
6 is issued.

7 No discretionary secondary distributor licensee acquires
8 any vested interest or compensable property right in a license
9 issued under this Section Act.

10 A licensed discretionary secondary distributor shall
11 notify the Department of any change in the information
12 contained on the application form, including any change in
13 ownership, and shall do so within 30 days after any such
14 change.

15 Any person aggrieved by any decision of the Department
16 under this Section may, within 30 ~~20~~ days after notice of the
17 decision, protest and request a hearing. Upon receiving a
18 request for a hearing, the Department shall give notice to the
19 person requesting the hearing of the time and place fixed for
20 the hearing and shall hold a hearing in conformity with the
21 provisions of this Act and then issue its final administrative
22 decision in the matter to that person. In the absence of a
23 protest and request for a hearing within 30 ~~20~~ days, the
24 Department's decision shall become final without any further
25 determination being made or notice given.

26 Such authority and license may be suspended, canceled, or

1 revoked whenever the licensee violates any provision of this
2 Act or any lawful rule ~~or regulation~~ issued by the Department
3 pursuant to this Act or is determined to be ineligible for a
4 discretionary secondary distributor's permit under this Act as
5 provided in this Section, or whenever the licensee shall
6 notify the Department in writing ~~of his desire~~ to have the
7 license canceled. The Department shall have the power, in its
8 discretion, to issue a new license after such suspension,
9 cancellation, or revocation, except when the person who would
10 receive the license is ineligible to receive a discretionary
11 secondary distributor's license under this Section Act.

12 (Source: P.A. 96-1027, eff. 7-12-10.)

13 (35 ILCS 135/27) (from Ch. 120, par. 453.57)

14 Sec. 27. Destruction or use of forfeited property.

15 (a) When any original packages of cigarettes or any
16 cigarette vending device shall have been declared forfeited to
17 the State by the Department, as provided in Section 25 of this
18 Act, and when all proceedings for the judicial review of the
19 Department's decision have terminated, the Department shall,
20 to the extent that its decision is sustained on review,
21 destroy or maintain and use such property in an undercover
22 capacity.

23 (b) The Department may, prior to any destruction of
24 cigarettes, permit the true holder of the trademark rights in
25 the cigarette brand to inspect such contraband cigarettes, in

1 order to assist the Department in any investigation regarding
2 such cigarettes.

3 (c) The cost of destruction shall be assessed against the
4 owner or the person in possession of the forfeited property.
5 Such cost shall be assessed regardless of whether the
6 forfeiture is determined by hearing or waiver.

7 (d) Any person aggrieved by any decision of the Department
8 under this Section may, within 30 days after notice of the
9 decision, protest and request a hearing. Upon receiving a
10 written request for a hearing, the Department shall give
11 notice to the person requesting the hearing of the time and
12 place fixed for the hearing and shall hold a hearing in
13 conformity with the provisions of this Act and then issue its
14 final administrative decision in the matter to that person. In
15 the absence of a protest and request for a hearing within 30
16 days, the Department's decision shall become final without any
17 further determination being made or notice given. If a hearing
18 has already been set pursuant to Section 25 or Section 6 of
19 this Act, all issues related to the cost of destruction shall
20 be heard simultaneously.

21 (Source: P.A. 94-776, eff. 5-19-06; 95-1053, eff. 1-1-10.)

22 Section 25. The Tobacco Products Tax Act of 1995 is
23 amended by changing Sections 10-20, 10-21, 10-25, 10-55,
24 10-56, and 10-58 as follows:

1 (35 ILCS 143/10-20)

2 Sec. 10-20. Distributor's licenses.

3 (a) It shall be unlawful for any person to engage in
4 business as a distributor of tobacco products within the
5 meaning of this Act without first having obtained a license to
6 do so from the Department. Application for that license shall
7 be made to the Department, by electronic means, in a form
8 prescribed ~~and furnished~~ by the Department. Each applicant for
9 a license shall furnish to the Department in ~~on~~ a form, signed
10 and verified by the applicant under penalty of perjury, in an
11 electronic format established by the Department, the following
12 ~~information:~~

13 (1) a statement that the applicant will fully comply
14 with the Tobacco Products Manufacturers' Escrow
15 Enforcement Act of 2003; and

16 (2) the following information:

17 (A) the ~~The~~ name and address of the applicant; -

18 (B) the ~~(2) The~~ address of the location at which
19 the applicant proposes to engage in business as a
20 distributor of tobacco products; and -

21 (C) such other additional ~~(3) Other~~ information as
22 the Department may reasonably require by its rules.

23 Each distributor, except for a distributor who is applying
24 for a distributor's license under this Act for the first time
25 or a distributor who, in the preceding year, had less than
26 \$50,000 of tax liability, shall also file with the Department

1 a bond in an amount not to exceed (i) 3 times the amount of the
2 distributor's average monthly tax liability or (ii) \$50,000,
3 whichever amount is lower, on a form to be approved by the
4 Department. The Department shall fix the amount of the bond
5 for each applicant, taking into consideration the amount of
6 money expected to become due from the applicant under this
7 Act. The amount of bond required by the Department shall be an
8 amount that, in its opinion, will protect the State of
9 Illinois against failure to pay the amount that may become due
10 from the applicant under this Act. Except as otherwise
11 provided in this Section, the bond, a reissue, or a substitute
12 shall be kept in full force and effect during the entire period
13 covered by the license. A separate application for license
14 shall be made, and bond filed, for each place of business at
15 which a person who is required to procure a distributor's
16 license proposes to engage in business as a distributor under
17 this Act.

18 (b) The following are ineligible to receive a
19 distributor's license under this Section:

20 (1) a person who is not of good character and
21 reputation in the community in which the person resides;
22 the Department may consider prior conviction of a felony
23 but, except as provided in paragraph (2), the conviction
24 shall not operate as an absolute bar to licensure;

25 (2) a person who has been convicted of a felony under
26 any federal or State law, if the Department, after

1 investigation and consideration of any mitigating factors
2 and evidence of rehabilitation contained in the
3 applicant's record, including those in Section 4i of the
4 Cigarette Tax Act, and hearing, if requested by the
5 applicant, determines that such person has not been
6 sufficiently rehabilitated to warrant the public trust and
7 the conviction will impair the ability of the person to
8 engage in the position for which a license is sought;

9 (3) a corporation, if any officer, manager, or
10 director thereof, or any stockholder or stockholders
11 owning in the aggregate more than 5% of the stock of such
12 corporation, would not be eligible to receive a license
13 under this Act for any reason;

14 (4) a person who has delinquent reports under Section
15 25 of the Tobacco Products Manufacturers' Escrow
16 Enforcement Act of 2003; or

17 (5) a person, or any person who owns more than 15% of
18 the ownership interests in a person or a related party
19 who:

20 (A) owes, at the time of application, any
21 delinquent taxes that have been determined by law to
22 be due and unpaid under this Act or any other tax Act
23 administered by the Department, unless the license
24 applicant has entered into an agreement approved by
25 the Department to pay the amount due;

26 (B) had a license under this Act, the Cigarette

1 Tax Act, the Cigarette Use Tax Act, or the Cigarette
2 Machine Operator's Occupation Tax Act revoked within
3 the past 2 years by the Department for misconduct
4 relating to stolen or contraband cigarettes or has
5 been convicted of a State or federal crime, punishable
6 by imprisonment of one year or more, relating to
7 stolen or contraband cigarettes;

8 (C) manufactures cigarettes, whether in this State
9 or out of this State, and who is neither (i) a
10 participating manufacturer as defined in subsection
11 II(jj) of the "Master Settlement Agreement" as defined
12 in Sections 10 of the Tobacco Product Manufacturers'
13 Escrow Act and the Tobacco Products Manufacturers'
14 Escrow Enforcement Act of 2003; nor (ii) in full
15 compliance with Tobacco Product Manufacturers' Escrow
16 Act and the Tobacco Products Manufacturers' Escrow
17 Enforcement Act of 2003;

18 (D) has been found by the Department, after notice
19 and a hearing, to have imported or caused to be
20 imported into the United States for sale or
21 distribution any cigarette in violation of 19 U.S.C.
22 1681a;

23 (E) has been found by the Department, after notice
24 and a hearing, to have imported or caused to be
25 imported into the United States for sale or
26 distribution or manufactured for sale or distribution

1 in the United States any cigarette that does not fully
2 comply with the Federal Cigarette Labeling and
3 Advertising Act (15 U.S.C. 1331, et seq.); or

4 (F) has been found by the Department, after notice
5 and a hearing, to have made a materially false
6 statement in the application or has failed to produce
7 records required to be maintained by this Act.

8 (c) The Department, upon receipt of an application and
9 bond, if required, in proper form, from a person who is
10 eligible to receive a distributor's license shall issue to the
11 applicant a license, in a form prescribed by the Department.
12 The license, which shall allow permit the applicant to whom it
13 is issued to engage in business as a distributor at the place
14 shown on the his or her application. The license shall be
15 issued by the Department without charge or cost to the
16 applicant. No license issued under this Section Act is
17 transferable or assignable. The license shall be conspicuously
18 displayed in the place of business conducted by the licensee
19 under the license. No distributor licensee acquires any vested
20 interest or compensable property right in a license issued
21 under this Section.

22 Licenses issued by the Department under this Section Act
23 shall be valid for a period not to exceed one year after
24 issuance unless sooner revoked, canceled, or suspended as
25 provided in this Act.

26 A licensed distributor shall notify the Department of any

1 change in the information contained on the application form,
2 including any change in ownership and shall do so within 30
3 days after any such change ~~No license shall be issued to any~~
4 ~~person who is in default to the State of Illinois for moneys~~
5 ~~due under this Act or any other tax Act administered by the~~
6 ~~Department.~~

7 The Department shall discharge any surety and shall
8 release and return any bond provided to it by a taxpayer under
9 this Section within 90 days after:

10 (1) the taxpayer becomes a prior continuous compliance
11 taxpayer; or

12 (2) the taxpayer has ceased to collect receipts on
13 which the taxpayer is required to remit the tax under this
14 Act to the Department, has filed a final tax return, and
15 has paid to the Department an amount sufficient to
16 discharge his remaining tax liability as determined by the
17 Department under this Act.

18 For the purposes of item (2), the Department shall make a
19 final determination of the taxpayer's outstanding tax
20 liability as expeditiously as possible after the taxpayer's
21 final tax return under this Act has been filed. If the
22 Department will be unable to make such a final determination
23 within 45 days after receiving the taxpayer's final tax
24 return, then the Department shall notify the taxpayer within
25 that 45-day period stating the reasons why it is unable to make
26 the final determination within that 45-day period.

1 The Department may, in its discretion, upon application,
2 authorize the payment of the tax imposed under Section 10-10
3 by any distributor or manufacturer not otherwise subject to
4 the tax imposed under this Act who, to the satisfaction of the
5 Department, furnishes adequate security to ensure payment of
6 the tax. The distributor or manufacturer shall be issued,
7 without charge, a license to remit the tax. When so
8 authorized, it shall be the duty of the distributor or
9 manufacturer to remit the tax imposed upon the wholesale price
10 of tobacco products sold or otherwise disposed of to retailers
11 or consumers located in this State, in the same manner and
12 subject to the same requirements as any other distributor or
13 manufacturer licensed under this Act.

14 The Department may revoke, suspend, or cancel the license
15 of a distributor of roll-your-own tobacco~~+~~ as that term is
16 used in Section 10 of the Tobacco Product Manufacturers'
17 Escrow Act~~+~~ under this Act if the tobacco product
18 manufacturer, as defined in Section 10 of the Tobacco Product
19 Manufacturers' Escrow Act, that made or sold the roll-your-own
20 tobacco has failed to become a participating manufacturer, as
21 defined in subdivision (a)(1) of Section 15 of the Tobacco
22 Product Manufacturers' Escrow Act, or has failed to create a
23 qualified escrow fund for any roll-your-own tobacco
24 manufactured by the tobacco product manufacturer and sold in
25 this State or otherwise failed to bring itself into compliance
26 with subdivision (a)(2) of Section 15 of the Tobacco Product

1 Manufacturers' Escrow Act.

2 Any applicant applying for a distributor's license after
3 the applicant's distributor's license has been revoked by the
4 Department shall also file a bond with the Department in an
5 amount equal to 3 times the amount of the applicant's average
6 monthly tax liability under this Act, as that average monthly
7 tax liability was calculated immediately prior to the
8 revocation of the applicant's distributor's license.

9 Any person aggrieved by any decision of the Department
10 under this Section may, within 30 ~~20~~ days after notice of the
11 ~~that~~ decision, protest and request a hearing, whereupon the
12 Department must give notice to that person of the time and
13 place fixed for the hearing and must hold a hearing in
14 conformity with the provisions of this Act and then issue its
15 final administrative decision in the matter to that person. In
16 the absence of such a protest within 30 ~~20~~ days, the
17 Department's decision becomes final without any further
18 determination being made or notice given.

19 (Source: P.A. 103-1001, eff. 8-9-24; 103-1055, eff. 12-20-24.)

20 (35 ILCS 143/10-21)

21 Sec. 10-21. Retailer's license. Beginning on January 1,
22 2016, no person may engage in business as a retailer of tobacco
23 products in this State without first having obtained a license
24 from the Department. Application for license shall be made to
25 the Department, by electronic means, in a form prescribed by

1 the Department. Each applicant for a license under this
2 Section shall furnish to the Department, in a form signed and
3 verified by the applicant under penalty of perjury, in an
4 electronic format established by the Department, the following
5 information:

6 (1) the name and address of the applicant;

7 (2) the address of the location at which the applicant
8 proposes to engage in business as a retailer of tobacco
9 products in this State;

10 (3) such other additional information as the
11 Department may reasonably ~~lawfully~~ require by its rules
12 ~~and regulations~~.

13 The annual license fee payable to the Department for each
14 retailer's license shall be \$150. The fee will be deposited
15 into the Tax Compliance and Administration Fund and shall be
16 used for the cost of tobacco retail inspection and contraband
17 tobacco and tobacco smuggling with at least two-thirds of the
18 money being used for contraband tobacco and tobacco smuggling
19 operations and enforcement.

20 Each applicant for license shall pay such fee to the
21 Department at the time of submitting its application for
22 license to the Department. The Department shall require an
23 applicant for a license under this Section to electronically
24 file and pay the fee.

25 A separate application for license shall be made and a
26 separate annual license fee shall be paid for each place of

1 business at which a person who is required to procure a
2 retailer's license under this Section proposes to engage in
3 business as a retailer in Illinois under this Section Act.

4 The following are ineligible to receive a retailer's
5 license under this Act:

6 (1) a person who has been convicted of a felony under
7 any federal or State law for smuggling cigarettes or
8 tobacco products or tobacco tax evasion, if the
9 Department, after investigation and a hearing if requested
10 by the applicant, determines that such person has not been
11 sufficiently rehabilitated to warrant the public trust;
12 and

13 (2) a corporation, if any officer, manager, or
14 director thereof, or any stockholder or stockholders
15 owning in the aggregate more than 5% of the stock of such
16 corporation, would not be eligible to receive a license
17 under this Act for any reason; a limited liability
18 company, if any member or managing member would not be
19 eligible to receive a license under this Act for any
20 reason; a partnership, if any partner would not be
21 eligible to receive a license under this Act for any
22 reason.

23 The Department, upon receipt of an application and license
24 fee, in proper form, from a person who is eligible to receive a
25 retailer's license under this Act, shall issue to such
26 applicant a license in form as prescribed by the Department,

1 which license shall permit the applicant to which it is issued
2 to engage in business as a retailer under this Act at the place
3 shown in the ~~his~~ application. All licenses issued by the
4 Department under this Section shall be valid for a period not
5 to exceed one year after issuance unless sooner revoked,
6 canceled or suspended as provided in this Act. No license
7 issued under this Section is transferable or assignable. Such
8 license shall be conspicuously displayed in the place of
9 business conducted by the licensee in Illinois under such
10 license. No licensee acquires any vested interest or
11 compensable property right in a license issued under this
12 Section.

13 A licensed retailer shall notify the Department of any
14 change in the information contained on the application form,
15 including any change in ownership and shall do so within 30
16 days after any such change.

17 A person who obtains a license as a retailer who ceases to
18 do business as specified in the license, or who never
19 commenced business, or whose license is suspended or revoked,
20 shall immediately surrender the license to the Department. The
21 Department shall not issue a license to a retailer unless the
22 retailer is also validly registered under the Retailers'
23 ~~Retailers~~ Occupation Tax Act.

24 A retailer as defined under this Act need not obtain an
25 additional license under this Act, but shall be deemed to be
26 sufficiently licensed by virtue of ~~his~~ being properly licensed

1 as a retailer under Section 4g of the Cigarette Tax Act.

2 Any person aggrieved by any decision of the Department
3 under this Section may, within 30 days after notice of the
4 decision, protest and request a hearing. Upon receiving a
5 request for a hearing, the Department shall give notice to the
6 person requesting the hearing of the time and place fixed for
7 the hearing and shall hold a hearing in conformity with the
8 provisions of this Act and then issue its final administrative
9 decision in the matter to that person. In the absence of a
10 protest and request for a hearing within 30 days, the
11 Department's decision shall become final without any further
12 determination being made or notice given.

13 (Source: P.A. 104-6, eff. 7-1-25.)

14 (35 ILCS 143/10-25)

15 Sec. 10-25. License actions.

16 (a) The Department may, after notice and a hearing,
17 revoke, cancel, or suspend the license of any distributor or
18 retailer who ~~violates any of the provisions of this Act,~~ fails
19 to keep books and records as required under this Act, fails to
20 make books and records available for inspection upon demand by
21 a duly authorized employee of the Department, or violates a
22 rule ~~or regulation~~ of the Department for the administration
23 and enforcement of this Act. The notice shall specify the
24 alleged violation or violations upon which the revocation,
25 cancellation, or suspension proceeding is based.

1 (b) The Department may, after notice and hearing as
2 provided for by this Act, revoke, cancel, or suspend the
3 license of any distributor or retailer for the violation of
4 any provision of this Act, or for noncompliance with the
5 provisions of this Act, or for any noncompliance with any
6 lawful rule promulgated by the Department under this Act, or
7 because the licensee is determined to be ineligible for a
8 distributor's license for any one or more of the reasons
9 provided for in Section 10-20 of this Act, or because the
10 licensee is determined to be ineligible for a retailer's
11 license for any one or more of the reasons provided for in
12 Section 10-21 of this Act.

13 **(b-5)**The Department may revoke, cancel, or suspend the
14 license of any distributor for a violation of the Tobacco
15 Products Manufacturers' Escrow Enforcement Act of 2003 as
16 provided in Section 30 of that Act.

17 (c) If the retailer has a training program that
18 facilitates compliance with minimum-age tobacco laws, the
19 Department shall suspend for 3 days the license of that
20 retailer for a fourth or subsequent violation of the
21 Prevention of Tobacco Use by Persons under 21 Years of Age and
22 Sale and Distribution of Tobacco Products Act, as provided in
23 subsection (a) of Section 2 of that Act. For the purposes of
24 this Section, any violation of subsection (a) of Section 2 of
25 the Prevention of Tobacco Use by Persons under 21 Years of Age
26 and Sale and Distribution of Tobacco Products Act occurring at

1 the retailer's licensed location, during a 24-month period,
2 shall be counted as a violation against the retailer.

3 If the retailer does not have a training program that
4 facilitates compliance with minimum-age tobacco laws, the
5 Department shall suspend for 3 days the license of that
6 retailer for a second violation of the Prevention of Tobacco
7 Use by Persons under 21 Years of Age and Sale and Distribution
8 of Tobacco Products Act, as provided in subsection (a-5) of
9 Section 2 of that Act.

10 If the retailer does not have a training program that
11 facilitates compliance with minimum-age tobacco laws, the
12 Department shall suspend for 7 days the license of that
13 retailer for a third violation of the Prevention of Tobacco
14 Use by Persons under 21 Years of Age and Sale and Distribution
15 of Tobacco Products Act, as provided in subsection (a-5) of
16 Section 2 of that Act.

17 If the retailer does not have a training program that
18 facilitates compliance with minimum-age tobacco laws, the
19 Department shall suspend for 30 days the license of a retailer
20 for a fourth or subsequent violation of the Prevention of
21 Tobacco Use by Persons under 21 Years of Age and Sale and
22 Distribution of Tobacco Products Act, as provided in
23 subsection (a-5) of Section 2 of that Act.

24 A training program that facilitates compliance with
25 minimum-age tobacco laws must include at least the following
26 elements: (i) it must explain that only individuals displaying

1 valid identification demonstrating that they are 21 years of
2 age or older shall be eligible to purchase cigarettes or
3 tobacco products and (ii) it must explain where a clerk can
4 check identification for a date of birth. The training may be
5 conducted electronically. Each retailer that has a training
6 program shall require each employee who completes the training
7 program to sign a form attesting that the employee has
8 received and completed tobacco training. The form shall be
9 kept in the employee's file and may be used to provide proof of
10 training.

11 (c-5) Any distributor or retailer aggrieved by any
12 decision of the Department under this Section may, within 30
13 days after notice of the decision, protest and request a
14 hearing. Upon receiving a written request for a hearing, the
15 Department shall give notice in writing to the distributor or
16 retailer requesting the hearing that contains a statement of
17 the charges preferred against the distributor or retailer and
18 that states the time and place fixed for the hearing. The
19 Department shall hold the hearing in conformity with the
20 provisions of this Act and then issue its final administrative
21 decision in the matter to the distributor or retailer. In the
22 absence of a written protest and request for a hearing within
23 30 days, the Department's decision shall become final without
24 any further determination being made or notice given.

25 (c-10) No license so revoked shall be reissued to any
26 distributor or retailer for a period of 6 months after the date

1 of the final determination of such revocation. No license
2 shall be reissued at all so long as the person who would
3 receive the license is ineligible to receive a distributor's
4 license under this Act for any one or more of the reasons
5 provided for in Section 10-20 of this Act or a retailer's
6 license under this Act for any one or more of the reasons
7 provided for in Section 10-21 of this Act.

8 (d) The Department may, by application to any circuit
9 court, obtain an injunction restraining any person who engages
10 in business as a distributor of tobacco products without a
11 license (either because the ~~his or her~~ license has been
12 revoked, canceled, or suspended or because of a failure to
13 obtain a license in the first instance) from engaging in that
14 business until that person, as if that person were a new
15 applicant for a license, complies with all of the conditions,
16 restrictions, and requirements of Section 10-20 of this Act
17 and qualifies for and obtains a license. Refusal or neglect to
18 obey the order of the court may result in punishment for
19 contempt.

20 (e) The Department, upon complaint filed in the circuit
21 court, may, by injunction, restrain any person who fails or
22 refuses to comply with any of the provisions of this Act from
23 acting as a distributor or retailer in this State.

24 (Source: P.A. 104-6, eff. 6-16-25.)

1 Sec. 10-55. Arrest; search and seizure without warrant.
2 Any duly authorized employee of the Department (i) may arrest
3 without warrant any person committing in his or her presence a
4 violation of any of the provisions of this Act, (ii) may
5 without a search warrant inspect all tobacco products located
6 in any place of business, (iii) may seize any tobacco products
7 possessed in violation ~~in accordance with the provisions~~ of
8 this Act, ~~and~~ (iv) may seize any vending device in which ~~those~~
9 tobacco products that violate this Act are found; and (v) may
10 seize any tobacco products on which the tax imposed under this
11 Act has not been paid. The tobacco products and vending
12 devices so seized are subject to confiscation and forfeiture
13 as provided in Sections 10-56 through 10-58.

14 (Source: P.A. 92-743, eff. 7-25-02.)

15 (35 ILCS 143/10-56)

16 Sec. 10-56. Seizure and forfeiture. After seizing any
17 tobacco products or vending devices, as provided in Section
18 10-55, the Department must hold a hearing and determine
19 whether (i) the distributor or retailer was properly licensed
20 to sell the tobacco products at the time of their seizure by
21 the Department; (ii) the possession of the tobacco products
22 was in violation of this Act; or (iii) the tax imposed by this
23 Act had been paid on the tobacco products. The Department is
24 not required to hold such a hearing if a waiver and consent to
25 forfeiture has been executed by the owner of the property, if

1 the owner is known, and by the person in whose possession the
2 property so taken was found, if that person is known and if
3 that person is not the owner of the property. The Department
4 shall give not less than 20 days' notice of the time and place
5 of the hearing to the owner of the property, if the owner is
6 known, and also to the person in whose possession the property
7 was found, if that person is known and if the person in
8 possession is not the owner of the property. If neither the
9 owner nor the person in possession of the property is known,
10 the Department must cause publication of the time and place of
11 the hearing to be made at least once in each week for 3 weeks
12 successively in a newspaper of general circulation in the
13 county where the hearing is to be held.

14 If, as the result of the hearing, the Department makes any
15 of the findings listed in (i) through (iii) above ~~determines~~
16 ~~that the distributor or retailer was not properly licensed at~~
17 ~~the time the tobacco products were seized,~~ or upon receipt of a
18 properly executed waiver and consent to forfeiture as provided
19 in this Section, the Department must enter an order declaring
20 the tobacco products or vending devices confiscated and
21 forfeited to the State, to be held by the Department for
22 disposal by it as provided in Section 10-58. The Department
23 must give notice of the order to the owner of the property, if
24 the owner is known, and also to the person in whose possession
25 the property was found, if that person is known and if the
26 person in possession is not the owner of the property. If

1 neither the owner nor the person in possession of the property
2 is known, the Department must cause publication of the order
3 to be made at least once in each week for 3 weeks successively
4 in a newspaper of general circulation in the county where the
5 hearing was held.

6 (Source: P.A. 103-1001, eff. 8-9-24.)

7 (35 ILCS 143/10-58)

8 Sec. 10-58. Sale of forfeited tobacco products or vending
9 devices.

10 (a) When any tobacco products or any vending devices are
11 declared forfeited to the State by the Department, as provided
12 in Section 10-55, and when all proceedings for the judicial
13 review of the Department's decision have terminated, the
14 Department shall, to the extent that its decision is sustained
15 on review, sell the property for the best price obtainable and
16 shall forthwith pay over the proceeds of the sale to the State
17 Treasurer. If the value of the property to be sold at any one
18 time is \$500 or more, however, the property shall be sold only
19 to the highest and best bidder on terms and conditions, and on
20 open competitive bidding after public advertisement, in a
21 manner and for terms as the Department, by rule, may
22 prescribe.

23 (b) If no complaint for review, as provided in Section 12
24 of the Retailers' Occupation Tax Act, has been filed within
25 the time required by Law, and if no stay order has been entered

1 under that Law, the Department shall proceed to destroy,
2 maintain and use in an undercover capacity, or sell the
3 property for the best price obtainable and shall forthwith pay
4 over the proceeds of the sale to the State Treasurer. If the
5 value of the property to be sold at any one time is \$500 or
6 more, however, the property shall be sold only to the highest
7 and best bidder on terms and conditions, and on open
8 competitive bidding after public advertisement, in a manner
9 and for terms as the Department, by rule, may prescribe.

10 (c) Upon making a sale of tobacco products as provided in
11 this Section, the Department shall affix a distinctive stamp
12 to each of the tobacco products so sold indicating that they
13 are sold under this Section.

14 (d) The cost of destruction shall be assessed against the
15 owner or the person in possession of the forfeited property.
16 Such cost shall be assessed regardless of whether the
17 forfeiture is determined by hearing or waiver.

18 (e) Notwithstanding the foregoing, any tobacco products
19 seized under this Act may, at the discretion of the Director of
20 Revenue, be distributed to any eleemosynary institution within
21 the State of Illinois.

22 (f) Any person aggrieved by any decision of the Department
23 under this Section may, within 30 days after notice of the
24 decision, protest and request a hearing. Upon receiving a
25 written request for a hearing, the Department shall give
26 notice to the person requesting the hearing of the time and

1 place fixed for the hearing and shall hold a hearing in
2 conformity with the provisions of this Act and then issue its
3 final administrative decision in the matter to that person. In
4 the absence of a protest and request for a hearing within 30
5 days, the Department's decision shall become final without any
6 further determination being made or notice given. If a hearing
7 has already been set pursuant to Section 10-25 or Section
8 10-56 of this Act, all issues related to the cost of
9 destruction shall be heard simultaneously.

10 (Source: P.A. 97-1129, eff. 8-28-12.)

11 Section 95. No acceleration or delay. Where this Act makes
12 changes in a statute that is represented in this Act by text
13 that is not yet or no longer in effect (for example, a Section
14 represented by multiple versions), the use of that text does
15 not accelerate or delay the taking effect of (i) the changes
16 made by this Act or (ii) provisions derived from any other
17 Public Act."