95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5366

by Rep. Karen A. Yarbrough

SYNOPSIS AS INTRODUCED:

235	ILCS	5/3-12	from	Ch.	43,	par.	108
235	ILCS	5/6-16.1					
720	ILCS	675/Act title					
720	ILCS	675/0.01	from	Ch.	23,	par.	2356.9
720	ILCS	675/1	from	Ch.	23,	par.	2357
720	ILCS	677/15					

Amends the Sale of Tobacco to Minors Act. Changes the title of the Act to the Sale and Distribution of Tobacco Products Act. Provides that a person shall not distribute without charge samples of any tobacco product to any other person, regardless of age: (1) at a retail establishment selling tobacco products; (2) from a lunch wagon; or (3) on a public way as a promotion or advertisement of a tobacco manufacturer or tobacco product. Provides that the prohibition applies even if the person who is intended to receive the tobacco product purchased another product from the person intending to distribute the tobacco product. Retains the same penalties as the penalties for distribution of tobacco products to minors. Amends the Liquor Control Act of 1934 and the Display of Tobacco Products Act to make conforming changes.

LRB095 17543 RLC 43617 b

1 AN ACT concerning tobacco.

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

4 Section 5. The Liquor Control Act of 1934 is amended by 5 changing Sections 3-12 and 6-16.1 as follows:

6 (235 ILCS 5/3-12) (from Ch. 43, par. 108)
7 (Text of Section after amendment by P.A. 95-634)
8 Sec. 3-12. Powers and duties of State Commission.
9 (a) The State commission shall have the following powers,
10 functions and duties:

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

regulation issued pursuant thereto and in effect for 30 days prior to such violation. Except in the case of an action taken pursuant to a violation of Section 6-3, 6-5, or 6-9, any action by the State Commission to suspend or revoke a licensee's license may be limited to the license for the specific premises where the violation occurred.

7 In lieu of suspending or revoking a license, the 8 commission may impose a fine, upon the State commission's 9 determination and notice after hearing, that a licensee has 10 violated any provision of this Act or any rule or 11 regulation issued pursuant thereto and in effect for 30 12 days prior to such violation. The fine imposed under this 13 paragraph may not exceed \$500 for each violation. Each day 14 that the activity, which gave rise to the original fine, 15 continues is a separate violation. The maximum fine that 16 may be levied against any licensee, for the period of the 17 license, shall not exceed \$20,000. The maximum penalty that may be imposed on a licensee for selling a bottle of 18 19 alcoholic liquor with a foreign object in it or serving 20 from a bottle of alcoholic liquor with a foreign object in it shall be the destruction of that bottle of alcoholic 21 22 liquor for the first 10 bottles so sold or served from by 23 the licensee. For the eleventh bottle of alcoholic liquor 24 and for each third bottle thereafter sold or served from by 25 the licensee with a foreign object in it, the maximum 26 penalty that may be imposed on the licensee is the

HB5366

1 destruction of the bottle of alcoholic liquor and a fine of 2 up to \$50.

(2) To adopt such rules and regulations consistent with 3 the provisions of this Act which shall be necessary to 4 5 carry on its functions and duties to the end that the health, safety and welfare of the People of the State of 6 Illinois shall be protected and temperance 7 in the 8 consumption of alcoholic liquors shall be fostered and 9 promoted and to distribute copies of such rules and 10 regulations to all licensees affected thereby.

11 (3) To call upon other administrative departments of 12 the State, county and municipal governments, county and 13 city police departments and upon prosecuting officers for 14 such information and assistance as it deems necessary in 15 the performance of its duties.

16 (4) To recommend to local commissioners rules and 17 regulations, not inconsistent with the law, for the 18 distribution and sale of alcoholic liquors throughout the 19 State.

(5) To inspect, or cause to be inspected, any premises
in this State where alcoholic liquors are manufactured,
distributed, warehoused, or sold.

(5.1) Upon receipt of a complaint or upon having knowledge that any person is engaged in business as a manufacturer, importing distributor, distributor, or retailer without a license or valid license, to notify the

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local liquor authority, file a complaint with the State's 1 2 Attorney's Office of the county where the incident 3 occurred, or initiate an investigation with the appropriate law enforcement officials.

5 (5.2) To issue a cease and desist notice to persons 6 shipping alcoholic liquor into this State from a point 7 outside of this State if the shipment is in violation of 8 this Act.

9 To receive complaints from licensees, local (5.3)10 officials, law enforcement agencies, organizations, and 11 persons stating that any licensee has been or is violating 12 any provision of this Act or the rules and regulations 13 issued pursuant to this Act. Such complaints shall be in 14 writing, signed and sworn to by the person making the 15 complaint, and shall state with specificity the facts in 16 relation to the alleged violation. If the Commission has 17 grounds to believe that reasonable the complaint substantially alleges a violation of this Act or rules and 18 19 regulations adopted pursuant to this Act, it shall conduct an investigation. If, after conducting an investigation, 20 the Commission is satisfied that the alleged violation did 21 22 occur, it shall proceed with disciplinary action against 23 the licensee as provided in this Act.

24 (6) To hear and determine appeals from orders of a 25 local commission in accordance with the provisions of this 26 Act, as hereinafter set forth. Hearings under this

1 2 3 subsection shall be held in Springfield or Chicago, at whichever location is the more convenient for the majority of persons who are parties to the hearing.

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

- 6 - LRB095 17543 RLC 43617 b

HB5366

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form and manner of keeping accounts.

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

Any Circuit Court may by order duly entered, require the attendance of witnesses and the production of relevant books subpoenaed by the State commission and the court may compel obedience to its order by proceedings for contempt.

(9) To investigate the administration of laws in relation to alcoholic liquors in this and other states and any foreign countries, and to recommend from time to time to the Governor and through him or her to the legislature of this State, such amendments to this Act, if any, as it may think desirable and as will serve to further the general broad purposes contained in Section 1-2 hereof. 1 (10) To adopt such rules and regulations consistent 2 with the provisions of this Act which shall be necessary 3 for the control, sale or disposition of alcoholic liquor 4 damaged as a result of an accident, wreck, flood, fire or 5 other similar occurrence.

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

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

19 (12) To develop and maintain a repository of license20 and regulatory information.

(13) On or before January 15, 1994, the Commission shall issue a written report to the Governor and General Assembly that is to be based on a comprehensive study of the impact on and implications for the State of Illinois of Section 1926 of the Federal ADAMHA Reorganization Act of 1992 (Public Law 102-321). This study shall address the

HB5366

- 8 - LRB095 17543 RLC 43617 b

HB5366

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1 extent to which Illinois currently complies with the 2 provisions of P.L. 102-321 and the rules promulgated 3 pursuant thereto.

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

> (i) the number of retail distributors of tobacco products, by type and geographic area, in the State;

8 (ii) the number of reported citations and 9 successful convictions, categorized by type and 10 location of retail distributor, for violation of the 11 Sale <u>and Distribution</u> of Tobacco <u>Products</u> to <u>Minors</u> Act 12 and the Smokeless Tobacco Limitation Act;

13 extent and nature (iii) the of organized 14 educational and governmental activities that are 15 intended to promote, encourage or otherwise secure 16 compliance with any Illinois laws that prohibit the 17 sale or distribution of tobacco products to minors; and

18 (iv) the level of access and availability of19 tobacco products to individuals under the age of 18.

To obtain the data necessary to comply with the provisions of P.L. 102-321 and the requirements of this report, the Commission shall conduct random, unannounced inspections of a geographically and scientifically representative sample of the State's retail tobacco distributors.

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The Commission shall consult with the Department of

Public Health, the Department of Human Services, the Illinois State Police and any other executive branch agency, and private organizations that may have information relevant to this report.

5 The Commission may contract with the Food and Drug 6 Administration of the U.S. Department of Health and Human 7 Services to conduct unannounced investigations of Illinois 8 tobacco vendors to determine compliance with federal laws 9 relating to the illegal sale of cigarettes and smokeless 10 tobacco products to persons under the age of 18.

11 (14) On or before April 30, 2008 and every 2 years 12 thereafter, the Commission shall present a written report to the Governor and the General Assembly that shall be 13 14 based on a study of the impact of this amendatory Act of 15 the 95th General Assembly on the business of soliciting, 16 selling, and shipping wine from inside and outside of this 17 State directly to residents of this State. As part of its report, the Commission shall provide all of the following 18 information: 19

20 (A) The amount of State excise and sales tax
21 revenues generated.

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(B) The amount of licensing fees received.

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

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(D) The number of alcohol compliance operations

1 conducted.

2 (E) The number of winery shipper's licenses3 issued.

(F) The number of each of the following: reported 4 5 violations; cease and desist notices issued by the Commission; notices of violations issued 6 bv the 7 Commission and to the Department of Revenue; and complaints of 8 violations notices and to law 9 enforcement officials, including, without limitation, 10 the Illinois Attorney General and the U.S. Department 11 of Treasury's Alcohol and Tobacco Tax and Trade Bureau.

12 (15) As a means to reduce the underage consumption of 13 alcoholic liquors, the Commission shall conduct alcohol 14 compliance operations to investigate whether businesses 15 that are soliciting, selling, and shipping wine from inside 16 or outside of this State directly to residents of this 17 State are licensed by this State or are selling or attempting to sell wine to persons under 21 years of age in 18 violation of this Act. 19

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

1 (17) (A) A person licensed to make wine under the laws 2 of another state who has a winery shipper's license under 3 this amendatory Act and annually produces less than 25,000 gallons of wine or a person who has a first-class or 4 5 second-class wine manufacturer's license, a first-class or second-class wine-maker's license, or a 6 limited wine 7 manufacturer's license under this Act and annually 8 produces less than 25,000 gallons of wine may make 9 application to the Commission for a self-distribution 10 exemption to allow the sale of not more than 5,000 gallons 11 of the exemption holder's wine to retail licensees per 12 year.

13 (B) In the application, which shall be sworn under 14 penalty of perjury, such person shall state (1) the 15 date it was established; (2) its volume of production 16 and sales for each year since its establishment; (3) 17 its efforts to establish distributor relationships; (4) that a self-distribution exemption is necessary to 18 19 facilitate the marketing of its wine; and (5) that it 20 will comply with the liquor and revenue laws of the 21 United States, this State, and any other state where it 22 is licensed.

(C) The Commission shall approve the application
for a self-distribution exemption if such person: (1)
is in compliance with State revenue and liquor laws;
(2) is not a member of any affiliated group that

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produces more than 25,000 gallons of wine per annum or produces any other alcoholic liquor; (3) will not annually produce for sale more than 25,000 gallons of wine; and (4) will not annually sell more than 5,000 gallons of its wine to retail licensees.

6 (D) A self-distribution exemption holder shall 7 annually certify to the Commission its production of wine in the previous 12 months and its anticipated 8 9 production and sales for the next 12 months. The 10 Commission may fine, suspend, revoke or а 11 self-distribution exemption after a hearing if it 12 finds that the exemption holder has made a material 13 misrepresentation in its application, violated a 14 revenue or liquor law of Illinois, exceeded production 15 of 25,000 gallons of wine in any calendar year, or 16 become part of an affiliated group producing more than 17 25,000 gallons of wine or any other alcoholic liquor.

(E) Except in hearings for violations of this Act 18 19 or amendatory Act or a bona fide investigation by duly 20 sworn law enforcement officials, the Commission, or 21 its agents, the Commission shall maintain the 22 production and sales information of а 23 self-distribution exemption holder as confidential and 24 shall not release such information to any person.

(F) The Commission shall issue regulations
 governing self-distribution exemptions consistent with

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this Section and this Act.

2 (G) Nothing in this subsection (17) shall prohibit 3 a self-distribution exemption holder from entering 4 into or simultaneously having a distribution agreement 5 with a licensed Illinois distributor.

(H) It is the intent of this subsection (17) to 6 7 promote and continue orderly markets. The General 8 Assembly finds that in order to preserve Illinois' 9 regulatory distribution system it is necessary to 10 create an exception for smaller makers of wine as their 11 wines are frequently adjusted in varietals, mixes, 12 vintages, and taste to find and create market niches 13 sometimes too small for distributor or importing 14 distributor business strategies. Limited 15 self-distribution rights will afford and allow smaller 16 makers of wine access to the marketplace in order to 17 develop a customer base without impairing the integrity of the 3-tier system. 18

(b) On or before April 30, 1999, the Commission shall present a written report to the Governor and the General Assembly that shall be based on a study of the impact of this amendatory Act of 1998 on the business of soliciting, selling, and shipping alcoholic liquor from outside of this State directly to residents of this State.

As part of its report, the Commission shall provide the following information: (i) the amount of State excise and sales tax revenues
 generated as a result of this amendatory Act of 1998;

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(ii) the amount of licensing fees received as a result of this amendatory Act of 1998;

5 (iii) the number of reported violations, the number of 6 cease and desist notices issued by the Commission, the 7 number of notices of violations issued to the Department of 8 Revenue, and the number of notices and complaints of 9 violations to law enforcement officials.

10 (Source: P.A. 95-634, eff. 6-1-08.)

11 (235 ILCS 5/6-16.1)

12 Sec. 6-16.1. Enforcement actions.

13 A licensee or an officer, associate, (a) member, 14 representative, agent, or employee of a licensee may sell, 15 give, or deliver alcoholic liquor to a person under the age of 16 21 years or authorize the sale, gift, or delivery of alcoholic liquor to a person under the age of 21 years pursuant to a plan 17 18 or action to investigate, patrol, or otherwise conduct a "sting 19 operation" or enforcement action against a person employed by 20 the licensee or on any licensed premises if the licensee or 21 officer, associate, member, representative, agent, or employee 22 of the licensee provides written notice, at least 14 days before the "sting operation" or enforcement action, unless 23 24 qoverning body of the municipality or county having 25 jurisdiction sets a shorter period by ordinance, to the law

HB5366

enforcement agency having jurisdiction, the local liquor control commissioner, or both. Notice provided under this Section shall be valid for a "sting operation" or enforcement action conducted within 60 days of the provision of that notice, unless the governing body of the municipality or county having jurisdiction sets a shorter period by ordinance.

(b) A local liquor control commission or unit of local 7 8 government that conducts alcohol and tobacco compliance 9 operations shall establish a policy and standards for alcohol 10 and tobacco compliance operations to investigate whether a 11 licensee is furnishing (1) alcoholic liquor to persons under 21 12 years of age in violation of this Act or (2) tobacco to persons 13 in violation of the Sale and Distribution of Tobacco Products 14 to Minors Act.

15 (c) The Illinois Law Enforcement Training Standards Board 16 shall develop a model policy and guidelines for the operation 17 alcohol and tobacco compliance checks by local of law enforcement officers. The Illinois Law Enforcement Training 18 Standards Board shall also require the supervising officers of 19 20 such compliance checks to have met a minimum training standard as determined by the Board. The Board shall have the right to 21 22 waive any training based on current written policies and 23 procedures for alcohol and tobacco compliance check operations and in-service training already administered by the local law 24 25 enforcement agency, department, or office.

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(d) The provisions of subsections (b) and (c) do not apply

HB5366 - 16 - LRB095 17543 RLC 43617 b

1 to a home rule unit with more than 2,000,000 inhabitants.

(e) A home rule unit, other than a home rule unit with more than 2,000,000 inhabitants, may not regulate enforcement actions in a manner inconsistent with the regulation of enforcement actions under this Section. This subsection (e) is a limitation under subsection (i) of Section 6 of Article VII of the Illinois Constitution on the concurrent exercise by home rule units of powers and functions exercised by the State.

9 (f) A licensee who is the subject of an enforcement action 10 or "sting operation" under this Section and is found, pursuant 11 to the enforcement action, to be in compliance with this Act 12 shall be notified by the enforcement agency action that no 13 violation was found within 30 days after the finding.

14 (Source: P.A. 92-503, eff. 1-1-02; 93-1057, eff. 12-2-04.)

Section 10. The Sale of Tobacco to Minors Act is amended by changing the title of the Act and Sections 0.01 and 1 as follows:

18 (720 ILCS 675/Act title)

An Act to prohibit minors from buying or selling tobacco in any of its forms, to prohibit selling, giving or furnishing tobacco, in any of its forms, to minors, <u>and to prohibit the</u> <u>distribution of tobacco samples</u> and providing penalties therefor.

- 17 - LRB095 17543 RLC 43617 b HB5366 (720 ILCS 675/0.01) (from Ch. 23, par. 2356.9) 1 2 Sec. 0.01. Short title. This Act may be cited as the Sale 3 and Distribution of Tobacco Products to Minors Act. 4 (Source: P.A. 86-1324.) 5 (720 ILCS 675/1) (from Ch. 23, par. 2357) Sec. 1. Prohibition on sale of tobacco to minors; 6 prohibition on the distribution of tobacco samples to any 7 8 person; vending machines; lunch wagons. 9 (a) No minor under 18 years of age shall buy any tobacco 10 product cigar, cigarette, smokeless tobacco or tobacco in any 11 of its forms. No person shall sell, buy for, distribute samples 12 of or furnish any tobacco product cigar, cigarette, smokeless to any minor under 18 13 years of age. 14 15 (a-5) No minor under 16 years of age may sell any tobacco 16 product cigar, cigarette, smokeless tobacco, or tobacco in any 17 of its forms at a retail establishment selling tobacco products. This subsection does not apply to a sales clerk in a 18 family-owned business which can prove that the sales clerk is 19 20 in fact a son or daughter of the owner. 21 (a-6) A person shall not distribute without charge samples 22 of any tobacco product to any other person, regardless of age: 23 (1) at a retail establishment selling tobacco products; (2) 24 from a lunch wagon; or (3) on a public way as a promotion or advertisement of a tobacco manufacturer or tobacco product. 25

	HB5366 - 18 - LRB095 17543 RLC 43617 b					
1	This subsection (a-6) applies even if the person who is					
2	intended to receive the tobacco product purchased another					
3	product from the person intending to distribute the tobacco					
4	product.					
5	For the purpose of this Section: $ au$					
6	"Lunch wagon" means a mobile vehicle designed and					
7	constructed to transport food and from which food is sold					
8	to the general public.					
9	<u>"Smokeless</u> "smokeless tobacco" means any tobacco					
10	products that are suitable for dipping or chewing.					
11	"Tobacco product" means any cigar, cigarette,					
12	smokeless tobacco, or tobacco in any of its forms.					
13	(b) Tobacco products listed above may be sold through a					
14	vending machine only in the following locations:					
15	(1) Factories, businesses, offices, private clubs, and					
16	other places not open to the general public.					
17	(2) Places to which minors under 18 years of age are					
18	not permitted access.					
19	(3) Places where alcoholic beverages are sold and					
20	consumed on the premises.					
21	(4) Places where the vending machine is under the					
22	direct supervision of the owner of the establishment or an					
23	employee over 18 years of age. The sale of tobacco products					
24	from a vending machine under direct supervision of the					
25	owner or an employee of the establishment is considered a					
26	sale of tobacco products by that person. As used in this					

subdivision, "direct supervision" means that the owner or employee has an unimpeded line of sight to the vending machine.

4 (5) Places where the vending machine can only be 5 operated by the owner or an employee over age 18 either 6 directly or through a remote control device if the device 7 is inaccessible to all customers.

8 (c) <u>(Blank)</u> The sale or distribution at no charge of 9 cigarettes from a lunch wagon engaging in any sales activity 10 within 1,000 feet of any public or private elementary or 11 secondary school grounds is prohibited.

12 For the purpose of this Section, "lunch wagon" means a 13 mobile vehicle designed and constructed to transport food and 14 from which food is sold to the general public.

15 (Source: P.A. 93-284, eff. 1-1-04; 93-886, eff. 1-1-05.)

Section 15. The Display of Tobacco Products Act is amended by changing Section 15 as follows:

18 (720 ILCS 677/15)

Sec. 15. Vending machines. This Act does not prohibit the sale of tobacco products from vending machines if the location of the vending machines are in compliance with the provisions of Section 1 of the Sale <u>and Distribution</u> of Tobacco <u>Products</u> to <u>Minors</u> Act.

24 (Source: P.A. 93-886, eff. 1-1-05.)