

# SB3655



## 104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3655

Introduced 2/5/2026, by Sen. Kimberly A. Lightford

### SYNOPSIS AS INTRODUCED:

235 ILCS 5/3-12

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

LRB104 19974 RPS 33425 b

A BILL FOR

1 AN ACT concerning liquor.

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

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

6 (235 ILCS 5/3-12)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (10) To adopt such rules and regulations consistent

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

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

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

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

21 (13) (Blank).

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

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

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

6 (B) The amount of licensing fees received.

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

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

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

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

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

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

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

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

1 non-licensees at their breweries.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (1) the date it was established;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of Public Act 90-739;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of persons who are parties to the hearing.

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

1 keeping accounts.

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

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

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

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

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

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

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

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

23 (13) (Blank).

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

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

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

8 (B) The amount of licensing fees received.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 reasonable time not to exceed 60 days.

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

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

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

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

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

1 or 25,000 gallons of wine.

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

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

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

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

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

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

7 (1) the date it was established;

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (1) the date it was established;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1           violations to law enforcement officials.

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

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

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