



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3245

Introduced 2/6/2024, by Sen. Cristina Castro

SYNOPSIS AS INTRODUCED:

235 ILCS 5/6-4

from Ch. 43, par. 121

Amends the Liquor Control Act of 1934. Provides that any person licensed as a brewer, class 1 brewer, or class 2 brewer shall be permitted to sell on the licensed premises to non-licensees for on-premises or off-premises consumption (instead of for on or off-premises consumption for the premises in which he or she actually conducts such business). Provides that any person licensed as a brewer, class 1 brewer, or class 2 brewer may sell wine or spirits on the licensed premises for off-premises consumption. Provides that any person licensed as a brewer may designate, contract with, use, and pay reasonable compensation to a management company, including a retail licensee, to provide services to the licensed brewer for the licensed premises if: (1) the compensation paid to the management company represents fair market value for the services provided; (2) the agreements under which the arrangements are made were approved by the Illinois Liquor Control Commission; and (3) the arrangements are not a subterfuge to provide any retailer with a prohibited thing of value.

LRB103 37761 RPS 67889 b

1 AN ACT concerning liquor.

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

4 Section 5. The Liquor Control Act of 1934 is amended by
5 changing Section 6-4 as follows:

6 (235 ILCS 5/6-4) (from Ch. 43, par. 121)

7 Sec. 6-4. (a) No person licensed by any licensing
8 authority as a distiller, or a wine manufacturer, or any
9 subsidiary or affiliate thereof, or any officer, associate,
10 member, partner, representative, employee, agent or
11 shareholder owning more than 5% of the outstanding shares of
12 such person shall be issued an importing distributor's or
13 distributor's license, nor shall any person licensed by any
14 licensing authority as an importing distributor, distributor
15 or retailer, or any subsidiary or affiliate thereof, or any
16 officer or associate, member, partner, representative,
17 employee, agent or shareholder owning more than 5% of the
18 outstanding shares of such person be issued a distiller's
19 license, a craft distiller's license, or a wine manufacturer's
20 license; and no person or persons licensed as a distiller,
21 craft distiller, class 1 craft distiller, or class 2 craft
22 distiller by any licensing authority shall have any interest,
23 directly or indirectly, with such distributor or importing

1 distributor.

2 However, an importing distributor or distributor, which on
3 January 1, 1985 is owned by a brewer, or any subsidiary or
4 affiliate thereof or any officer, associate, member, partner,
5 representative, employee, agent or shareholder owning more
6 than 5% of the outstanding shares of the importing distributor
7 or distributor referred to in this paragraph, may own or
8 acquire an ownership interest of more than 5% of the
9 outstanding shares of a wine manufacturer and be issued a wine
10 manufacturer's license by any licensing authority.

11 (b) The foregoing provisions shall not apply to any person
12 licensed by any licensing authority as a distiller or wine
13 manufacturer, or to any subsidiary or affiliate of any
14 distiller or wine manufacturer who shall have been heretofore
15 licensed by the State Commission as either an importing
16 distributor or distributor during the annual licensing period
17 expiring June 30, 1947, and shall actually have made sales
18 regularly to retailers.

19 (c) Provided, however, that in such instances where a
20 distributor's or importing distributor's license has been
21 issued to any distiller or wine manufacturer or to any
22 subsidiary or affiliate of any distiller or wine manufacturer
23 who has, during the licensing period ending June 30, 1947,
24 sold or distributed as such licensed distributor or importing
25 distributor alcoholic liquors and wines to retailers, such
26 distiller or wine manufacturer or any subsidiary or affiliate

1 of any distiller or wine manufacturer holding such
2 distributor's or importing distributor's license may continue
3 to sell or distribute to retailers such alcoholic liquors and
4 wines which are manufactured, distilled, processed or marketed
5 by distillers and wine manufacturers whose products it sold or
6 distributed to retailers during the whole or any part of its
7 licensing periods; and such additional brands and additional
8 products may be added to the line of such distributor or
9 importing distributor, provided, that such brands and such
10 products were not sold or distributed by any distributor or
11 importing distributor licensed by the State Commission during
12 the licensing period ending June 30, 1947, but can not sell or
13 distribute to retailers any other alcoholic liquors or wines.

14 (d) It shall be unlawful for any distiller licensed
15 anywhere to have any stock ownership or interest in any
16 distributor's or importing distributor's license wherein any
17 other person has an interest therein who is not a distiller and
18 does not own more than 5% of any stock in any distillery.
19 Nothing herein contained shall apply to such distillers or
20 their subsidiaries or affiliates, who had a distributor's or
21 importing distributor's license during the licensing period
22 ending June 30, 1947, which license was owned in whole by such
23 distiller, or subsidiaries or affiliates of such distiller.

24 (e) Any person licensed as a brewer, class 1 brewer, or
25 class 2 brewer shall be permitted to sell on the licensed
26 premises to non-licensees for on-premises ~~on~~ or off-premises

1 consumption ~~for the premises in which he or she actually~~
2 ~~conducts such business~~: (i) beer manufactured by the brewer,
3 class 1 brewer, class 2 brewer, or class 3 brewer; (ii) beer
4 manufactured by any other brewer, class 1 brewer, class 2
5 brewer, or class 3 brewer; and (iii) cider, ~~or~~ mead, wine, or
6 spirits. Any person licensed as a class 3 brewer shall be
7 permitted to sell on the licensed premises to non-licensees
8 for on-premises ~~on~~ or off-premises ~~off-premises~~ consumption
9 ~~for the premises in which he or she actually conducts such~~
10 ~~business~~: (i) beer manufactured by the class 3 brewer on the
11 premises; (ii) beer manufactured by any other brewer, class 1
12 brewer, class 2 brewer, or class 3 brewer; and (iii) cider,
13 wine, and spirits. All products sold under this subsection
14 that are not manufactured on premises must be purchased
15 through a licensed distributor, importing distributor, or
16 manufacturer with self-distribution privileges. Such sales
17 shall be limited to on-premises, in-person sales only, for
18 lawful consumption on or off premises. Such authorization
19 shall be considered a privilege granted by the brewer license
20 and, other than a manufacturer of beer as stated above or a
21 designated management company, including a retail licensee, as
22 described in this subsection, no manufacturer or distributor
23 or importing distributor, excluding airplane licensees
24 exercising powers provided in paragraph (i) of Section 5-1 of
25 this Act, or any subsidiary or affiliate thereof, or any
26 officer, associate, member, partner, representative, employee

1 or agent, or shareholder shall be issued a retailer's license,
2 nor shall any person having a retailer's license, excluding
3 airplane licensees exercising powers provided in paragraph (i)
4 of Section 5-1 of this Act, or any subsidiary or affiliate
5 thereof, or any officer, associate, member, partner,
6 representative or agent, or shareholder be issued a
7 manufacturer's license or importing distributor's license.

8 Notwithstanding any other provision of this Act, any
9 person licensed as a brewer may designate, contract with, use,
10 and pay reasonable compensation to a management company,
11 including a retail licensee, to provide services to the
12 licensed brewer for the licensed premises if: (1) the
13 compensation paid to the management company represents fair
14 market value for the services provided; (2) the agreements
15 under which the arrangements are made were approved by the
16 State Commission; and (3) the arrangements are not a
17 subterfuge to provide any retailer with a prohibited thing of
18 value in violation of Section 6-5.

19 A manufacturer of beer that imports or transfers beer into
20 this State must comply with Sections 6-8 and 8-1 of this Act.

21 A person who holds a class 2 brewer license and is
22 authorized by this Section to sell beer to non-licensees shall
23 not sell beer to non-licensees from more than 3 total brewer or
24 commonly owned brew pub licensed locations in this State. The
25 class 2 brewer shall designate to the State Commission the
26 brewer or brew pub locations from which it will sell beer to

1 non-licensees.

2 A person licensed as a class 1 craft distiller or a class 2
3 craft distiller, including a person who holds more than one
4 class 1 craft distiller or class 2 craft distiller license,
5 not affiliated with any other person manufacturing spirits may
6 be authorized by the State Commission to sell (1) up to 5,000
7 gallons of spirits produced by the person to non-licensees for
8 on or off-premises consumption for the premises in which he or
9 she actually conducts business permitting only the retail sale
10 of spirits manufactured at such premises and (2) vermouth
11 purchased through a licensed distributor for on-premises
12 consumption. Such sales shall be limited to on-premises,
13 in-person sales only, for lawful consumption on or off
14 premises, and such authorization shall be considered a
15 privilege granted by the class 1 craft distiller or class 2
16 craft distiller license. A class 1 craft distiller or class 2
17 craft distiller licensed for retail sale shall secure liquor
18 liability insurance coverage in an amount at least equal to
19 the maximum liability amounts set forth in subsection (a) of
20 Section 6-21 of this Act.

21 A class 1 craft distiller or class 2 craft distiller
22 license holder shall not deliver any alcoholic liquor to any
23 non-licensee off the licensed premises. A class 1 craft
24 distiller or class 2 craft distiller shall affirm in its
25 annual license application that it does not produce more than
26 50,000 or 100,000 gallons of distilled spirits annually,

1 whichever is applicable, and that the craft distiller does not
2 sell more than 5,000 gallons of spirits to non-licensees for
3 on or off-premises consumption. In the application, which
4 shall be sworn under penalty of perjury, the class 1 craft
5 distiller or class 2 craft distiller shall state the volume of
6 production and sales for each year since the class 1 craft
7 distiller's or class 2 craft distiller's establishment.

8 A person who holds a class 1 craft distiller or class 2
9 craft distiller license and is authorized by this Section to
10 sell spirits to non-licensees shall not sell spirits to
11 non-licensees from more than 3 total distillery or commonly
12 owned distilling pub licensed locations in this State. The
13 class 1 craft distiller or class 2 craft distiller shall
14 designate to the State Commission the distillery or distilling
15 pub locations from which it will sell spirits to
16 non-licensees.

17 (f) (Blank).

18 (g) Notwithstanding any of the foregoing prohibitions, a
19 limited wine manufacturer may sell at retail at its
20 manufacturing site for on or off premises consumption and may
21 sell to distributors. A limited wine manufacturer licensee
22 shall secure liquor liability insurance coverage in an amount
23 at least equal to the maximum liability amounts set forth in
24 subsection (a) of Section 6-21 of this Act.

25 (h) The changes made to this Section by Public Act 99-47
26 shall not diminish or impair the rights of any person, whether

1 a distiller, wine manufacturer, agent, or affiliate thereof,
2 who requested in writing and submitted documentation to the
3 State Commission on or before February 18, 2015 to be approved
4 for a retail license pursuant to what has heretofore been
5 subsection (f); provided that, on or before that date, the
6 State Commission considered the intent of that person to apply
7 for the retail license under that subsection and, by recorded
8 vote, the State Commission approved a resolution indicating
9 that such a license application could be lawfully approved
10 upon that person duly filing a formal application for a retail
11 license and if that person, within 90 days of the State
12 Commission appearance and recorded vote, first filed an
13 application with the appropriate local commission, which
14 application was subsequently approved by the appropriate local
15 commission prior to consideration by the State Commission of
16 that person's application for a retail license. It is further
17 provided that the State Commission may approve the person's
18 application for a retail license or renewals of such license
19 if such person continues to diligently adhere to all
20 representations made in writing to the State Commission on or
21 before February 18, 2015, or thereafter, or in the affidavit
22 filed by that person with the State Commission to support the
23 issuance of a retail license and to abide by all applicable
24 laws and duly adopted rules.

25 (i) Notwithstanding any other provision of this Act, the
26 common ownership of a brewery, winery, or a distillery shall

1 not authorize the grant of and aggregation of retail
2 privileges granted to any person or licensees in subsection
3 (e). Any person or licensee with common ownership in a
4 brewery, winery, or a distillery shall be limited to the
5 retail privileges granted to only one of the commonly owned
6 brewery, winery, or distillery. The State Commission is hereby
7 authorized to restrict the locations of any commonly owned
8 brewery, winery, or distillery to prevent the expansion of
9 retail privileges, including, without limitation, restricting
10 a commonly owned brewery, winery, or distillery from operating
11 in adjacent licensed premises or restricting self-distribution
12 privileges.

13 (Source: P.A. 101-81, eff. 7-12-19; 101-482, eff. 8-23-19;
14 101-615, eff. 12-20-19; 102-442, eff. 8-20-21.)