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FOREWORD

The ABDI Handbook is intended to answer the most frequently asked questions relative to beer distribution in Illinois. It is for the exclusive use of the Members of the Associated Beer Distributors of Illinois (ABDI) and their employees. Summaries contained herein are merely a guide to some of the statutes, regulations, Illinois Liquor Control Commission (ILCC) opinions, and judicial decisions affecting the distribution of malt beverage products and is NOT to be considered a substitute for the services of a competent attorney.

Members are reminded that statutes and regulations are often amended or repealed and the current status of such statute or regulation should always be verified.

You will receive updated information as appropriate. For obvious reasons, it was difficult to respond to every issue. If you have questions not addressed in the handbook, please do not hesitate to contact Melissa Daniels of the ABDI staff at 800-422-1331.

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Beer Measurements

1 barrel = 31 gallons/3968 ounces
 ½ barrel = 15.5 gallons/1984 ounces
 1 gallon = 128 ounce/8.3 pounds
 1 barrel = 380-400/12 ounce servings.

1 quart = 32 ounces
 1 pint = 16 ounces
 1 dram = 0.0625 ounce
 33.8 ounces of liquor (liter) = 26-28 servings.

Case Description	Gallons Per Case	Cases per Barrel	Barrel per Case-Reciprocal	Ounces per Case
12/32 oz.	3.00	10.333	0.09677	384
24/16 oz.	3.00	10.333	0.09677	384
48/12 oz.	4.50	3.444	0.14516	576
24/12 oz.	2.25	13.778	0.07258	288
12/12 oz.	1.125	27.556	0.03629	144
36/8 oz.	2.25	13.778	0.07258	288
24/8 oz.	1.50	20.667	0.04839	192
36/7 oz.	1.97	15.746	0.06351	252
35/7 oz	1.92	16.196	0.06174	245
24/7 oz	1.31	23.619	0.04234	168

Beer is lighter than water. Beer is nine parts water.

Alcohol Conversion Tables by Volume, Proof, Weight

U.S. Proof at 60 Degrees F	Percent Alcohol by Volume at 60 Degrees F	Percent Alcohol by Weight
10	5.0	4.00
20	10.0	8.50
30	15.0	12.14
40	20.0	16.27
50	25.0	20.44
60	30.0	24.67
70	35.0	28.97
80	40.0	33.36
90	45.0	37.86
100	50.0	42.49

Formula for Conversion:

Volume x .8135 = Weight

Proof is 2 x Volume

Weight ÷ .8135 = Volume **or**

Weight x 1.23 = Volume

Wine Measurements

Split	½ pint	6.3 ounces	.187 liters	
Quart	¼ gallon	.2 liters		
Half Bottle	12.7 ounces	.375 liters		
Bottle of Wine	.0800633 quarts	0.7577 liters	25.4 ounces	750 ml.
Magnum	2 quarts	1.5 liters	50.8 ounces	2.49797 wine bottles
Double Magnum (Bordeaux)	3 liters	101.6 ounces		
Jeroboam (Champagne)	4 quarts	3 liters	101.6 ounces	
Jeroboam (Bordeaux)	4.5 liters	152.4 ounces		
Rehoboam (Champagne)	6 quarts	4.5 liters	152.4 ounces	
Imperial (Bordeaux)	6 liters	203.2 ounces		
Methuselah	8 quarts	6 liters	203.2 ounces	
Salmanazar	12 quarts	9 liters	228.6 ounces	
Balthazar	16 quarts	12 liters	406.4 ounces	
Nebuchadnezzar	20 quarts	15 liters	508 ounces	

Distilled Spirits Measurements

Pony Shot	.05 jigger				
Shot	.666 jigger	1 fluid ounce			
Large Shot	1.25 ounces				
Jigger	1.5 shots	1.5 fluid ounces			
Pint	16 shots	.625 fifths			
Fifth	25.6 shots	25.6 ounces	1.6 pints	0.8 quarts	.075706 liters
Quart	32 shots	32 ounces	1.25 fifths		

Illinois Beverage Alcohol Tax

	Excise Tax	Sales Tax*	Cook County Tax	Chicago Excise
Distilled Spirits	\$8.55/gallon	6.25%	\$2.50/gallon	\$2.68/gallon
Wine	\$1.39/gallon	6.25%	\$0.24/gallon	\$0.36/gallon
Beer	\$0.231/gallon	6.25%	\$0.09 gallon	\$0.29/gallon

*Local sales tax may be an additional 0-3.5%.

Illinois Liquor Control Commission

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Illinois Department of Revenue

For filing liquor gallonage reports ...

Miscellaneous Tax Division
Illinois Department of Revenue
101 W. Jefferson • Springfield, IL 62708
217-785-2645

Department of Treasury Alcohol, Tobacco Tax and Trade Bureau

NATIONAL REVENUE CENTER

Firearms, Ammunition and Excise Tax Unit
550 Main St., Room 8002
Cincinnati, OH 45202-3263
1-877-882-3277
www.ttb.gov

ALCOHOL LABELING AND FORMULATION DIVISION

1-866-927-ALFD or 202-453-2250

MIDWEST DISTRICT OFFICE

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Jerome Cajka, District Director

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ILCC License Types and Fee Schedule

Liquor License Fee Schedule			
License Class	License Prefix	License Fee <i>Effective September 2016</i>	
		New Applications and Non-Online Renewals	Online Renewals
1st Class Wine Maker	3F	\$900	\$750
1st Class Wine Manufacturer	3D	\$900	\$750
2nd Class Wine Maker	3G	\$1,750	\$1,500
2nd Class Wine Manufacturer	3E	\$1,750	\$1,500
Airplane	1H	\$150	\$100
Auction	1D	\$150	\$100
B.A.S.S.E.T.	5A	\$350	\$300
Boat	1G	\$1,000	\$500
Brew Pub	1C	\$1,500	\$1,200
Brewer	3C	\$1,500	\$1,200
Broker	1I	\$1,000	\$750
Caterer Retailer	1B	\$500	\$350
Class 1 Brewer	3Y	\$75	\$50
Class 2 Brewer	3Z	\$100	\$75
Craft Distiller	3X	\$2,500	\$2,000
Class 1 Craft Distiller	6Y	\$75	\$50
Class 2 Craft Distiller	6Z	\$100	\$75

Distilling Pub License	1X	\$1,500	\$1,200
Craft Distiller Warehouse Permit		\$25	\$25
Brewers Warehouse Permit		\$25	\$25
Craft Distiller Tasting Permit (Public Act 99-0902)	4G	\$25	\$25
Distiller	3A	\$5,000	\$4,000
Distributor (11,250,000 gallons or more)	2E	\$2,200	\$1,450
Distributor (more than 4,500,000 but less than 11,250,000 gallons)	2F	\$1,450	\$950
Distributor (4,500,000 gallons or less)	2G	\$450	\$300
<i>Foreign Importing Distributor (*no change)</i>	2C	\$25	\$25
<i>Homebrewer Special Event Permit (*no change)</i>	4E	\$25	\$25
<i>Importing Distributor (*no change)</i>	2B	\$25	\$25
Limited Wine Manufacturer	3H	\$350	\$250
<i>Non-Beverage User less than 500 gallons (*no change)</i>	1K	\$24	\$24
<i>Non-Beverage User less than 1,000 gallons (*no change)</i>	1L	\$60	\$60
<i>Non-Beverage User less than 5,000 gallons (*no change)</i>	1M	\$120	\$120
<i>Non-Beverage User less than 10,000 gallons (*no change)</i>	1N	\$240	\$240
<i>Non-Beverage User 50,000 or more gallons (*no change)</i>	1O	\$600	\$600
<i>Non-Beverage User (Restricted Use) (*no change)</i>	1O, 1Q, 1R, 1S	<i>no change</i>	<i>no change</i>
Non-Resident Dealer (less than 500,000 gallons)	3I	\$350	\$250
Non-Resident Dealer (500,000 gallons or more)	3J	\$1,500	\$1,200
Winery Shipper (*issued through August 2016) (Effective Sept. 2016, these multiple licenses are consolidated into three types based on gallons)	3K, 3L, 3M, 3N, 3P, 3Q, 3R, 3S, 3T, 3U, 3V, 3W	see below	see below

Winery Shipper (less than 250,000 gallons) *rev.	3U	\$350	\$250
Winery Shipper (250,000 or more but less than 500,000 gallons) *revised	3V	\$1,000	\$750
Winery Shipper (500,000 or more) *revised	3W	\$1,500	\$1,200
Railroad	1F	\$150	\$100
Rectifier	3B	\$5,000	\$4,000
Retailer	1A	\$750	\$600
<i>Special Event Retailer (*no change)</i>	4A	\$25	\$25
Special Use Permit - 1 day	4B	\$150	\$100
Special Use Permit - 2 days or more	4C	\$250	\$150
Tasting Representative	4D	\$300	\$200
Wine Maker Retailer	1E	\$500	\$250
Wine Maker Retailer, 2nd Location	1J	\$1,000	\$500
Wine Maker Retailer, 3rd Location	1U	\$1,000	\$500



Advertising

Section 100.50 Advertising

- a) General Requirements:
Federal Alcohol Administration Regulation No. 4 relating to the advertising of wine (27 CFR 4 (1998), no subsequent dates or editions), Federal Alcohol Administration Regulation No. 5 relating to the advertising of distilled spirits (27 CFR 5 (1998), no subsequent dates or editions) and Federal Alcohol Regulation No. 7 relating to the advertising of malt beverages (27 CFR 7 (1998), no subsequent dates or editions) are hereby adopted and made a part of this Section for advertising of wine, distilled spirits and malt beverages insofar as the federal regulations are not contrary to, or inconsistent with, the provisions of the laws of Illinois or this Part.

b) Advertising:

- 1) No licensee, or the agent or representative thereof, may advertise any alcoholic beverage in any medium intended for circulation, viewing or listening within this State unless such advertisement is in conformity with the provisions of this Part.
- 2) Such advertisement shall conform to the approved label upon the immediate container of the alcoholic liquor advertised.
- 3) Such advertisements shall not contain illustrations of children nor shall they make use of any material which would make a special appeal to juveniles.
- 4) Such advertisements shall not contain any material which is false or untrue in any respect.

Breakage

Excerpts from Illinois Liquor Control Commission Rules and Regulations:

SECTION 100.245 CONSIGNMENT SALES PROHIBITED; BONA FIDE AND NON-BONA FIDE RETURNS

c) Unless there is a bona fide business reason for replacement of damaged or defective alcoholic liquor product when delivered, the product may not be replaced free of charge to a retailer. Replacement of alcoholic liquor damaged while in a trade buyer's possession constitutes the providing of something "of value" and a violation of Sections 6-4, 6-5 and 6-6 of the Act. A manufacturer, non-resident dealer, foreign importer, importing distributor or distributor is under no obligation to accept the return of products for the reasons stated in subsections (e)(1) through (8).

1) A manufacturer with the privilege of self-distribution, importing distributor or distributor may not accept the return of alcoholic liquor products as "breakage" if the product was damaged after delivery and while in the possession of the retailer. The self-distributing manufacturer, importing distributor or distributor may replace damaged cartons or packaging carrying containers of alcoholic liquor at any time.

2) Under no circumstances may alcoholic liquor products or other compensation be furnished to a retailer for product breakage that occurs as a result of handling by the retailer or its agents, employees or customers.

3) If the alcoholic liquor product has been damaged prior to or at the time of actual delivery, the product may only be exchanged for an equal quantity of identical product or returned for credit. If identical product is unavailable, exchange will be permitted for similar type product.

4) If the alcoholic liquor product has been damaged prior to or at the time of actual delivery, the product may be exchanged no later than 15 days after delivery under the following conditions:

A) If pre-delivery damage is visible at the time of delivery, the retailer must identify the damaged product immediately.

B) If the damage is latent and not visible at the time of delivery, the retailer must notify the manufacturer with self-distribution privileges, importing distributor or distributor of the pre-delivery damage within 15 days after delivery, or date of invoice, whichever is later...

f) Without limitation, the following are specifically not considered ordinary and commercial reasons to justify a return of alcoholic liquor product:

1) Overstocked and Slow-Moving Alcoholic Liquor Products. The return or exchange of a product because it is overstocked, or slow moving does not constitute a return for "ordinary and usual commercial reasons".

2) Seasonal Alcoholic Liquor Products. The return or exchange of products for which there is only a limited or seasonal demand, such as holiday decanters and certain distinctive bottles, does not constitute a return for "ordinary and usual commercial reasons". Nothing in this subsection (f) shall prohibit the exchange of deteriorated product that includes product near or beyond the manufacturer's expiration or "code" date. It is a violation of this subsection (f) and Sections 6-4, 6-5 and 6-6 of the Act for a retailer to hold on to deteriorated product for it to be exchanged or returned as "out of code".

Cash Beer Law

(235 ILCS 5/6-5)

...No retail licensee delinquent beyond the 30 day period specified in this Section shall solicit, accept or receive credit, purchase or acquire alcoholic liquors, directly or indirectly from any other licensee, and no manufacturer, distributor or importing distributor shall knowingly grant or extend credit, sell, furnish or supply alcoholic liquors to any such delinquent retail licensee; ***provided that the purchase price of all beer sold to a retail licensee shall be paid by the retail licensee in cash on or before delivery of the beer....***

Excerpts from Illinois Liquor Control Commission Rules and Regulations: Section 100.90 Credit to Retail Licensees

The following rule shall govern in the application of the provisions of Section 6-5 of the Act [235 ILCS 5/6-5] relating to extension of credit to retail licensees by manufacturers, distributors and manufacturers with limited self-distribution privileges:

- ...j) Payment in cash by the retail licensee shall mean payment in legal tender as provided by the United States Code, checks (including certified checks, cashier's checks, teller's checks or traveler's checks), debit cards, drafts and electronic transfer of funds, provided the transfer of funds is initiated by an irrevocable payment order on or before the date payment is due.

- k) Checks are the equivalent of payment in cash so long as they are not post-dated and are deposited by the importing distributor, distributor or manufacturer in the ordinary course of business. For purchases of wine and spirits, a post-dated check cleared prior to the end of the 30-day credit period, including any properly disclosed finance, delivery or other usual and customary charges in the industry, is considered to be a valid payment. An "NSF" void or stop payment check for purchases of wine and spirits that is properly replaced with cash or cash equivalent before the end of the 30-day period, including any properly disclosed usual and customary charges in the industry, is considered a valid payment.

- l) Manufacturers, importing distributors or distributors may include finance, delivery and any and all usual and customary charges in the industry on credit issued and not paid and may charge usual and customary charges for NSF, void or stop-payment checks, provided a statement is printed on the original invoice delivered to the retailer at the time the merchandise is received indicating that the usual and customary charges will be assessed, with a statement specifying the terms and amounts of charges imposed. The charges, properly disclosed to the retailer, are considered to be part of the cost of the merchandise sold as of the invoice date and, therefore, the entire amount, including any usual and customary charges, must be paid before the retailer can be considered to be non-delinquent. All such usual and customary charges must be applied uniformly to all retailers.

- m) A retailer may not charge a distributor, importing distributor or manufacturer for the costs of electronic transfers, nor may a distributor, importing distributor or manufacturer charge a retailer for the costs of electronic transfers. A retailer may not require a distributor, importing distributor or manufacturer to purchase or lease any software necessary to effectuate electronic transfers, nor may a distributor, importing distributor or manufacturer require a retailer to purchase or lease software necessary to effectuate electronic transfers. The use of the system must be available but cannot be mandated as a requirement for conducting business, to all distributors, importing distributors, manufacturers and retailers.

The use of a specific Value-Added Network (VAN) cannot be mandated; all users of the system must be allowed to transmit information through any VAN. The users of the system must continue to maintain all required records of alcoholic beverage purchases and sales. The Commission shall have access, upon reasonable notice, to the systems for the purpose of inspection and review.

- n) The use of electronic fund transfers shall be allowed so long as the transfer of funds is initiated by an irrevocable payment order on or before delivery of the alcoholic liquor and the transfer is supported by appropriate documentation.

Employment of Minors

Section 100.20 Employment of Minors

In the sale, distribution or delivery of alcoholic liquors, no retail alcoholic liquor licensee may employ, with or without compensation, or in any way directly or indirectly, use the services of a minor.

Under Illinois law an emancipated adult is at 18 years of age. However, employment of minors at retail is also subject to local control. Local municipalities may restrict to age 21 and above.

EXCHANGE OR REPLACING ALCOHOLIC BEVERAGE PRODUCT

BREWER-DISTRIBUTOR DISTRIBUTION AGREEMENTS



Brewers contractually require product replacement that is near manufacturer's expiration or code date, defective products, etc.



A distributor's failure to replace product for a retail licensee in accordance with its Distribution Agreement constitutes a violation of the Agreement unless expressly prohibited by the ILCC.

ILCC JURISDICTION OVER PRODUCT REPLACEMENT




The process/procedure for exchanging product is governed by the ILCC prohibition of furnishing something of value to retail licensees.




Product exchange/replacement must be conducted in the same manner for all "similarly situated retailers." The ILCC has issued citations to distributors if similarly situated retailers are treated differently with respect to the distributor's removal policy (omitting or adopting a delayed procedure for certain retail licensees).


GUIDELINES FOR EXCHANGING PRODUCT


 The ILCC in 1989 adopted TTB Regulations. Section 100.245 governing returns was formally adopted by the ILCC on July 10, 2015. (P.A. 101-0016, Effective June 14, 2019)

 The basic rule: Product return/exchange permitted for ordinary and usual commercial reasons.


NEAR OR OUT-OF-CODE PRODUCT

 May be exchanged for identical or similarly priced product not later than next delivery date.

 The exchange must be reflected on the invoice.

 Allows beer that is within 30 days of or beyond its “code date” to be exchanged. Allows beer within 30 days of “code date” to be moved to a faster moving location, provided it is not out of code.

DEFECTIVE OR DETERIORATED PRODUCT

 Deteriorated product includes container damage, label damage, or deleterious product that may be exchanged for identical product or credit against outstanding indebtedness.

DISCONTINUED PRODUCT (MANUFACTURER CEASES PRODUCTION OF THE PRODUCT)



May be returned for cash or credit against an outstanding balance.

BREWER MODIFICATION OF PRODUCT (FORMULA, LABEL OR CONTAINER CHANGE)



May replace with equal quantity for a new version of the product.

MISTAKE IN DELIVERY OF PRODUCT



Product can be replaced with corrected product within 15 days, otherwise with cash or credit against an outstanding balance.

PRODUCT NO LONGER LAWFULLY SOLD




Product may be replaced with similar product, cash or credit against an outstanding balance.

SEASONAL PRODUCT




May exchange seasonal product with subsequent seasonal product of the manufacturer or a similarly priced product.


SEASONAL RETAIL LICENSEES

 A distributor may accept the return of products from the seasonal retail licensees who are only open a portion of the year if the product will go out-of-code or deteriorate during the off-season. A return of the product may be for cash or credit against an outstanding balance.

TERMINATION OF BUSINESS

 For product remaining at the time a retail licensee terminates operation (i.e., bankruptcy), the product may be returned to the distributor for cash or credit against an outstanding balance. This applies to a permanent shutdown and not a temporary or interim closing.

BREWER TERMINATION OF DISTRIBUTOR'S DISTRIBUTION RIGHTS

 The product on hand at the time of brewer termination and a subsequent distributor has not assumed distribution, the product may be returned for cash or credit against an outstanding balance.

DAMAGED PRODUCT PRIOR TO AND AFTER DELIVERY



May exchange within 15 days for equal amount of identical product or if, unavailable, for similar product or return for credit. (Rule 100.245 identifies a distinction between visible and latent damage. If visible damage, it does not permit the 15 day delay period.)

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Signage/Advertising – Per PA 100-0885


PERMANENT OUTSIDE SIGNS


- Cost in the aggregate not to exceed \$3,000 per brand exclusive of erection, installation, repair, and maintenance costs and permit fees.
- May only contain manufacturer's name, brand, trademark, or symbols commonly associated with the product.
- May not be retail-specific, which includes name, logo, trademark, slogans, or markings associated in identifying the product.
- The term "exterior" means or otherwise includes exterior of windows, doors, shutters, or any area outside the retail establishment; i.e., fences.
- The term "permanent" is generally considered to be a firm surface; i.e., wood, metal products, wrapping materials, or similar hard surface items.


TEMPORARY OUTSIDE SIGNS


 Distributors are no longer limited to the number of temporary outside signs. (i.e., banners, flags, pennants, streamers, and other non-permanent and temporary items).


 Cost in the aggregate for all temporary outside signs: \$1,000 per manufacturer.


 Must contain the manufacturer's name, brand, or other symbols commonly associated with the product.

 May also include the product, price, packaging, date or dates of a promotion, and announcement of a retail licensee's specific sponsored event. If the temporary outside sign is intended to promote a product and provided that the announcement of the retail licensee's event and the product promotion are held simultaneously.


 May not include the name of the retailer, markings, or logos related to the retailer.

 Wrap-A-Round signs (back-to-back signs) are deemed a single sign.


 Inside temporary signs may be provided by the manufacturer to distributor, which may include pre-printed community good will expressions, sporting event announcements, seasonal messages, and manufacturer promotional announcements. (NOTE: The distributor may not bear the cost of these pre-printed signs.)


 The distributor may provide (create or print) temporary outside signs for a licensee's specific sponsored event or containing seasonal messages in conjunction with product promotions; regional sporting events where the primary purpose is to highlight or promote the product.


 No prohibition on retailers providing its own signs.


 The distributor may purchase from the manufacturer or the manufacturer's designated supplier temporary exterior signs; however, said purchase shall be voluntary and the manufacturer may not require the distributor to purchase signs or advertising materials.


PERMANENT INSIDE SIGNS

 Permanent inside signs may be visible from the exterior or inside of the retail premises.


 Permanent inside signs may be included but not be limited to alcohol lists/menus, neon, illuminated signs, clocks, table lamps, mirrors, tap handles, decalcomanias, window painting, and window trim.


 The cost maximum for of all permanent inside signs per Manufacturer is \$6,000.

 All permanent inside signs must include the manufacturer's name, brand name, trade name, slogans, markings, trademark, or other symbols commonly associated with and generally used in identifying the product.


 Permanent inside signs may not include names, slogans, markings, or logos relating to the retailer.


 Only alcohol lists and menus may be retailer specific.

 Permanent inside signs may be displayed in an adjacent courtyard or patio commonly referred to as a “beer garden.”


 Permanent indoor signs may contain generic verbiage; i.e., food, cold beer, baseball fans welcome, or similar type slogans.

 Umbrellas are considered inside signs (i.e., beer garden or outside cafés).

 Distributors may purchase permanent inside signs from the manufacturer or the designated supplier of the manufacturer. Such purchase shall be voluntary, and the manufacturer may not require the distributor to purchase such signs.


 **NEW:** *All neons, illuminated signs, clocks, table lamps, mirrors, and tap handles are the property of the manufacturer and shall be returned to the manufacturer or its agent upon request. All neons, illuminated signs, clocks, table lamps, mirrors, and tap handles purchased by a distributor from the manufacturer are property of the distributor and shall be returned to the distributor upon request.*


TEMPORARY INSIDE SIGNS/ADVERTISING


 Temporary inside signs shall include, but are not limited to, lighted chalk boards, acrylic table tent beverages or hors d'oeuvre list holders, banners, flags, pennants, streamers, and inside advertising materials such as posters, placards, bowling sheets, table tents, inserts for acrylic table tent beverage or hors d'oeuvre list holders, sports schedules, or similar printed or illustrated materials.


 The total cost is \$1000 per Manufacturer.


 Temporary inside signs may be retail specific.


 The distributor may pay the cost of printing inside banners provided the primary purpose is to highlight, promote, or advertise the product.

 The distributor may act as agent for the Manufacturer.

 All temporary inside signs may be displayed in an adjacent area; i.e., courtyard or patio, commonly referred to as a “beer garden.”


 A distributor may purchase from the manufacturer or its designated supplier temporary inside signs/advertising provided it is voluntary and the manufacturer may not require the distributor to purchase any items.

 A product display means any racks, bins, barrels, casks, coolers (having a fair market value of no more than \$175, with no exterior plumbing or electrical hookup), buckets, glass or transparent display cases, shelving or similar items whose primary function is to hold and display alcoholic liquors at point-of-sale, at or on a Retail licensed premises – all are deemed temporary signs.

 The temporary inside signs do not require the manufacturer's name, brand, or logo.

GENERAL COMMENTS


GOVERNMENTAL ENTITIES


 The restrictions on signage and advertising materials furnished by manufacturers or distributors to a government owned or operated facility holding a retailer's license is not applicable, nor does the same apply to airplane licenses.

 The restrictions on signage/advertising do not apply to airplane licenses.

CHARITABLE ORGANIZATIONS

COASTERS, TRAYS, NAPKINS, CUPS, AND GLASSWARE

 These are not classified as signs.

 They are to be sold to retailers at distributor's cost if purchased, or if furnished by suppliers at no cost, then at fair market value.

Signage Reference Sheet

Sign Type	Permanent Outdoor	Permanent Indoor	Temporary Outdoor	Temporary Indoor
Example	Sign made from wood, glass, metal, mirrors, neon, or other weather-resistant materials. Placed on building, fences, or in parking lot.	Neon, illuminated, clocks, table lamps, mirrors, tap handles, decals, window painting, window trim, umbrellas in beer gardens, etc.	Banners, flags, pennants, streamers, and other items of a temporary nature. Placed on building, fences, or in parking lot.	Lighted chalkboards, acrylic table tent holders, display racks, bins, inserts, banners, flags, bowling sheets, sports schedules, etc. (Does NOT include coasters, trays, cups, napkins, drink buckets, coolers, glassware, etc.)

Sign Type	Permanent Outdoor	Permanent Indoor	Temporary Outdoor	Temporary Indoor
Guidelines	Must bear the logo, trademark, slogan, etc. of the manufacturer and nothing that relates to the retailer.	Must bear the logo, trademark, slogan, etc. of the manufacturer and nothing that relates to the retailer.	Must not contain retailer name or logo. May refer to a specific sponsored event so long as product promotion is also advertised.	May contain retailer name or logo so long as specific sponsored event and product promotion is also advertised.
Retailer Name, Logo, Slogan, etc.	Not allowed on sign bearing manufacturer name, logo, slogan, etc., <i>unless proof of purchase is available upon request during the inspection.</i>	Not allowed on sign bearing manufacturer name, logo, slogan, etc., <i>unless proof of purchase is available upon request during the inspection.</i>	Not allowed on sign bearing manufacturer name, logo, slogan, etc., <i>unless proof of purchase is available upon request during the inspection.</i>	Allowed on sign bearing manufacturer name, logo, slogan, so long as specific sponsored event and product promotion is also advertised.

Sign Type	Permanent Outdoor	Permanent Indoor	Temporary Outdoor	Temporary Indoor
Miscellaneous Information		Signs on the inside of the window are considered “indoor,” no matter if they face outdoors.	May have multiple sides but will still be considered one sign.	Signs on the inside of the window are considered “indoor,” no matter if they face outdoors.
Max Value	\$3,000 per brand	\$6,000 per manufacturer	\$1,000 per manufacturer	\$1,000 per manufacturer
Number of Signs Limit	None	None	None	None

* Adjacent courtyards or patios, commonly referred to as “beer gardens” are considered “indoor” for the purposes of these regulations.

**One indication of permanency is if it would take a tool to remove the sign

FREQUENTLY ASKED QUESTIONS



FREQUENTLY ASKED QUESTIONS

Q. What is the difference between a Brewer, Class 1 and Class 2 Brewer, and a Brew Pub?

A. There are significant differences between these licenses. Here is a breakdown:

BREWER (IN-STATE) NON-RESIDENT DEALER (OUT-OF-STATE BREWER)

- Permitted to manufacture an unlimited amount.
- Must sell to importing distributors (Non-Resident Dealers) or Distributors (Brewers).
- May not self-distribute.
- Brewers are permitted to sell beer manufactured by the brewer on the premises (tap rooms).
- May sell beer or cider, of another manufacturer, at its taproom provided it purchases the beer or cider from a distributor or a Class 1 Brewer with self-distribution rights.
- May not sell other wines or spirits.

CLASS 1 BREWERS

- May only manufacture 30,000 barrels (930,000 gallons or 413,333 cases) of beer per year and may self-distribute up to 7,500 barrels (232,500 gallons or 103,333 cases) of beer per year in Illinois.
- May not own a brew pub.
- May sell their beer at the production facility (tap room). The above guidelines apply.
- May transfer up to 930,000 gallons annually if it's been to other wholly owned and operated Class 1 premises, subject to ILCC approval.

- May sell beer or cider, of another manufacturer, at its taproom provided it purchases the beer or cider from a distributor or a Class 1 Brewer with self-distribution rights.
- May not sell other wines or spirits.

CLASS 2 BREWERS

- May manufacturer up to 120,000 barrels (3,720,000 gallons or 1,653,333 cases) of beer per year.
- May not self-distribute.
- A Class 2 Brewer, or Non-Resident Dealer, who brews fewer than 120,000 barrels of beer per year across all commonly owned locations inside and outside of Illinois may sell at retail from no more than 3 locations in Illinois. These may include 3 brew pub locations, 3 tap room locations, 2 tap rooms and a brew pub, or 1 tap room and 2 brew pub locations. All amounts are accumulative, and they may not be a part as a member of or affiliated with, directly or indirectly, a manufacturer that produces more than 120,000 barrels of beer per year or any other alcoholic liquor.
- May sell beer or cider, of another manufacturer, at its taproom provided it purchases the beer or cider from a distributor or a Class 1 Brewer with self-distribution rights.
- May transfer no more than 1000 barrels (31,000 gallons or 13,775 cases) to a wholly owned and operated brew pub within 80 miles of the Class 2 Brewer.

BREW PUBS

- May manufacture up to 5,000 barrels of beer per year per location.
- May not self-distribute.
- May sell beer for off premises consumption purposes to consumers (known as non-licensees) and to distributors and importing distributors.
- Are regarded as a specialty retailer; therefore, they may operate an unlimited number locations provided that each location is licensed separately and that they are not affiliated with a Class 1 or Class 2 Brewer. If they are affiliated with a Class 2 Brewer the limits apply.
- May sell other beer, wine and spirits at retail provided it purchases said products from a licensed distributor.
- May simultaneously hold a Class 2 Brewer's license provided that the location is separate from the Brew Pub location.

BREWER LICENSES

BREWER



Gallonage limit: None.



Distribution: All sales through distributor/importing distributor.



Cross-tier ownership: May not have an interest in a distributor/importing distributor or retail licensee.



Out of State Class 3 Brewer: Must hold a Non-Resident Dealer's license; subject to same provisions as a Class 3 Brewer.



BIFDA: All distribution agreements are subject to BIFDA.

CLASS 2 BREWER



Gallonage Limit: Annually a maximum of 3,720,000 from all combined locations of the brewer.



Distribution: All sales through distributor/importing distributor.



Cross-Tier: May hold three (3) brew pub licenses, but may not have an interest in a distributor/importing distributor.



Transfers: Upon prior Commission approval, permitted to transfer beer between a commonly owned Class 2 Brewer.



Special Provisions: A Class 2 Brewer operating a brew pub prior to July 1, 2015, may continue to operate the brew pub and not subject to the gallonage limit.

CLASS 1 BREWER



Gallonage limit: Annually, a maximum of 930,000 gallons.



Distribution: Sale to distributors/importing distributors, provided, if qualified, may sell to retailers.

CLASS 1 BREWER (Cont'd)



Requires a written application to the Commission under a sworn affidavit requiring a Class 1 Brewer to set forth its efforts to establish a distributor relationship and required to relinquish any brew pub license held by the Class 1 Brewer.



Requires annual certifications.



Cross-tier ownership: May not hold a brew pub license if self-distributes.



Gallonage limitations on sales to retail licensees: If a self-distribution permit is granted, Class 1 licensees may not sell more than 232,000 gallons to retail licensees.

BREW PUB



Gallonage limit: Annually, not to exceed 155,000 gallons.



Distribution: Sales must be to distributors/importing distributors.



Cross-tier ownership: A Class 2 Brewer may hold up to 3 brew pub licenses.

BREW PUB (Cont'd)



Transfers: With approval of the Commission, a brew pub may transfer beer manufacturer to another brew pub owned and operated by the same brew pub licensee.

NON-RESIDENT DEALER LICENSE (OUT-OF-STATE BREWER)



Application of License: The following out-of-state brewers are entitled to receive the following licenses: Class 3 Brewer License, Class 2 Brewer License, Class 1 Brewer License, Brew Pub License and a non-resident dealer's license.



Distribution: Sell to importing distributors and to licensed foreign importers.



License Conditions: Must meet all qualifications and requirements applicable to Illinois brewers.

FOREIGN IMPORTER



Gallonage limits: None.



Distribution: Sale to distributor/importing distributor.

FOREIGN IMPORTER (Cont'd)



Manufacturer Status: May not be a manufacturer of beer but must purchase beer from a licensed Non-Resident Dealer.

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Q. What items are considered “consumer specialty items,” and are we as distributors required to be present for the giveaway?

A. The Liquor Control Commission has a long-standing interpretation on consumer specialty items. Items commonly referred to as “consumer specialties” are items such as, for example, hats, t-shirts, sweat shirts, key chains, sunglasses, bottle openers, corkscrews, caps, visors, pencils, and product literature. Consumer advertising specialties may be provided for free to a retailer if the retailer gives such items away to the ultimate consumer. If the retailer does not pay for the consumer advertising specialties, then such items may be brand or promotion specific only, but may not be retailer specific. These items are intended to be given to and received by the consumer. Consumer items may be left with a retailer; however, if any of the items remain following the giveaway, the distributor must collect the items. Such consumer specialties which are determined to be retained, used, or not distributed by any retail liquor licensee, will be determined to be items “of value” to such retailer, and items “of value” to have been given by the manufacturer, non-resident dealer, distributor, or importing distributor or foreign importer subjecting both licensees to potential discipline by the Commission.

Generally, a manufacturer, non-resident dealer, distributor, or importing distributor or foreign importer may not provide free items to a retailer, if such items inure to the benefit of the retailer, as such items would be considered something “of value.” A retailer may purchase consumer advertising specialties from a manufacturer, distributor or importing distributor. If the retailer pays for the consumer advertising specialties, such items may be retailer specific.

Display enhancing items (such as BBQ grills, lounge chairs, coolers, refrigerators, etc.) may be given to the consumer. However, these items must be raffled off by the manufacturer and/or distributor. Such raffles must have raffle entry forms available along with a box or container for said raffle entries. In addition, signs must be displayed indicating the date and time of the drawing. The display enhancing item, shall be distributed in person by the manufacturer, distributor, importing distributor or foreign importer licensee or by an employee of the manufacturer, non-resident dealer, distributor, importing distributor or foreign importer licensee so as to verify that the items are being received by the winning consumer.

Q. Can a brewer offer consumer specialty items free of charge? For example, a major brewer is providing convenience store consumers a free beer huggie (Koozie) when the consumer purchases a bottle of the brewer's beer. The huggie is provided by the brewer not the distributor.

A. The “of value” section applies to giving of things of value to the retailer. It does not apply to consumer advertising specialties that are clearly documented on an invoice as promotional items intended for consumer use. These items cannot be resold by the retailer nor can they be personally used by the retailer or retailer's employees.

As this policy is applied to a recent example, a manufacturer can provide a huggie (Koozie) to a convenience store retailer as part of a consumer promotion as long as the distributor's invoice clearly documents that the huggies (Koozies) are for a consumer promotion and there is other evidence of the promotion at the store. In this case, the distributor's invoice should say “50 Bud Coolies for” or “Buy 2 25oz Cans, Get a Complimentary Coolie” Promotion- N/C.” There should also be some other evidence of the promotion in the store like signage displayed that advertises the free consumer item at or near the beer display area. (i.e. “See Cashier at checkout for free Huggie.”)

At no time may a brewer or distributor advertise free alcoholic liquor (i.e. “Buy 1 12 ounce bottle of Brand X Beer – get the second free.”)

Q. Can beer distributors take credit cards as payment for beer?

A. No – Accepting a credit card for beer payment by a retailer violates the Cash Beer Law. Section 100.90 of the Liquor Control Commission’s Rules and Regulations only permits the following transactions for “cash” payment. Note: Debit cards may be accepted.

“Payment in cash by the retail licensee shall mean payment in legal tender as provided by the United States Code, checks (including certified checks, cashier’s checks, teller’s checks or traveler’s checks), debit cards, drafts and electronic transfer of funds, provided the transfer of funds is initiated by an irrevocable payment order on or before the date payment is due.”

Q. Can a Special Use Retailer return unused, untapped beer after an event?

A. NEW There are two classifications of events: 1) those sponsored by a not-for-profit organization (special event licensee) and, 2) those sponsored by a licensed retailer (special use). Per Public Act 100-0885, distributors may offer credit or a refund for unused, salable alcoholic liquors to a holder of a special event retailer’s license. In order to accept a return, the product must have been originally invoiced to the Special Event license numbers. These license numbers begin with the designation of **“4A” or “4F.”** **The product cannot be returned if invoiced to a Retailer license number designated “1A.”**

For clarification purposes this would include but is not limited to the following types of events:

- Community festivals put on by groups such as the Jaycees
- Music festivals
- Church socials
- Motorcycle Club Festivals, etc.

Per Public Act 101-0016, effective June 14, 2019, Special Use Retailers with license numbers beginning with “4B” or “4C” may return unused, untapped beer at the conclusion of the event.

Caterers may return unused, untapped beer if, and only if, the event was cancelled due to an act of God. At the conclusion of a special use event, or catered event, a distributor must charge the retailer or caterer a transportation fee at fair market value if the beer is to be transported back to the retailer or caterer’s location.

Q. I would like to give a discount based on the number of taps the retailer has of my brands. The more taps, the bigger the discount for the retailer. Is this legal?

A. From the Commission: “We would not permit this. Under this scenario, there is a violation of the “of value” statute under 235 ILCS 5/6-6 and the potential quantity discount exception we allow for is not met.

1. This is not a valid quantity discount. The quantity discount is based on purchasing a pre-determined amount of alcohol/products. There is no specific amount of product that is purchased. For example, 10% discount for purchasing 10 cases. A tap handle does not fall into this area. We do not allow for valid discounts based on placing taps.
2. We prohibit an industry member from giving anything of value to the retailer for placing the supplier’s product in the retailer’s shop; i.e. slotting fees. The discount would be considered giving something “of value” in exchange for product placement.”

Q. Can a distributor offer “end of the month” discounts? For example, is it legal to give a retailer \$1.00 off per case if the retailer sells 300 cases by the month’s end?

A. The Liquor Control Commission permits end of the month (EOM) and end of the year (EOY) discounts. However, the Commission will not allow these discounts on a volume discount. If the distributor offers an EOM or EOY discount, the distributor may not offer an initial discount on the beer sold. In the example given to us by the distributor, the Commission would not permit a volume discount for ordering 300 cases of beer and then

offer another EOM or EOY discount because the retailer reached the goal of selling 300 cases. The Commission has stated only one discount is permitted – No “double discounts.”

Q. Are distributors allowed to give free nonalcoholic product in lieu of paying for equipment or services? For example, I normally charge retailers \$100 to use my beer trailer. Can I give \$100 worth of nonalcoholic product to help offset the cost to the retailer? Can I give free beer with the purchase of nonalcoholic products or free nonalcoholic products with the purchase of beer?

A. If you are charging the retailer for an item, the Liquor Control Commission (ILCC) will not permit any offset which benefits the retailer – this is in violation of Section 6-5 and 6-6 of the Liquor Control Act and is giving the retailer something of value. Therefore, to answer the first question you may not give \$100 of nonalcoholic products to help offset the cost of the trailer.

The ILCC Rules and Regulation Section 1--.280 states: “No licensee, individual, partnership or corporation shall give away any alcoholic liquor for commercial purposes or in connection with the sale of non-alcoholic products or to promote the sale of non-alcoholic products.” Therefore, it is not permitted to give away free beer with the purchase of nonalcoholic products. However, the ILCC does not object to offering free nonalcoholic products with the sale of alcoholic products. (For example, giving the retailer a free case of orange juice with their purchase of a case of vodka).

Q. Can a Manufacturer or Distributor Offer a Discount that Offers Beer at 1¢?

A. There have been several inquiries to the Illinois Liquor Control Commission recently from manufacturers and distributors as to whether a manufacturer or distributor can offer a 1¢ discount on beer. For example, if a consumer buys 3 cases of brand X beer, the consumer receives the fourth case at 1¢. The Commission interprets this type of discount to be in violation of Rule 100.280 Giving Away of Alcoholic Liquors.

The Rule states: *“a) No licensee, individual, partnership or corporation shall give away any alcoholic liquor for commercial purposes or in connection with the sale of non-alcoholic products or to promote the sale of non-alcoholic products....”*

Rule 100.500 (d) 5 (F) states:

... “Penny deals” and other transactions in which the “no charge” or deeply discounted products (i.e. \$.01 per case) are not related to a corresponding volume purchase are considered free product and a violation of Section 6-5 or 6-6.”

Depending on the licensee which is advertising such a promotion, manufacturer or distributor, such licensee may be cited and receive disciplinary action by the Commission. In addition, any retailer that advertises this type of promotion is also subject to the same disciplinary action.

Q. I have a retailer that demands that I provide free parts on their draught system. Specifically, they are asking for free couplings and tavern heads. Am I permitted to provide these parts to the retailer without cost?

A. No – you are NOT permitted to give retailers free draught system parts. The Illinois Liquor Control Commission and Section 6-6.5 of the Illinois Liquor Control Act are very clear on this issue. Section 6-6.5 states:

“A manufacturer, distributor, or importing distributor **may sell** dispensing accessories to retail licensees at a price not less than the cost to the manufacturer, distributor, or importing distributor who initially purchased them. Dispensing accessories include, but are not limited to, items such as standards, faucets, cold plates, rods, vents, taps, tap standards, hoses, washers, couplings, gas gauges, vent tongues, shanks, and check valves.”

The Section also allows manufacturers and distributors to sell coil cleaning supplies:

“Coil cleaning supplies consisting of detergents, cleaning chemicals, brushes, or similar type cleaning devices may be sold at a price not less than the cost to the manufacturer, distributor, or importing distributor.”

If you provide these items free of charge to a retailer, you and the retailer are subject to strict disciplinary action by the Illinois Liquor Control Commission.

Q. Can a distributor offer free labor to install glycol draught systems? Don't the rules allow us to provide free labor on the original installation if the retailer pays for the equipment?

A. No. 100.210 states: “Distributor servicing, balancing, or inspecting draft beer or wine systems at regular intervals, and providing labor to replace or install rods, taps faucets, fittings and lines in draft beer or wine dispensing equipment, shall not be considered a subsidy. **However, free cleaning of coils by a distributor by a company whose services are paid for by a distributor shall be considered a subsidy or something of value...**” If free cleaning can't be provided by a distributor then anything related to coil cleaning like installation of a Glycol system has to be paid for by the retailer. The rule allowing for free labor is specific to the mechanics of the maintenance and repair of a tap system - not the regular cleaning and not original installation. The labor costs of installing a draft system or Glycol cleaning system can cost thousands of dollars and thus is not permitted.

The Commission has earlier stated that if a distributor is found guilty of giving a retailer a draught system or providing free labor to install a brand new system, the distributor may be fined up to \$20,000 and have their license suspended for not less than 7 days. ABDI advises any distributor engaging in this activity to cease immediately.

Q. Since manufacturers are now placing code dates on all products, and it is a requirement by agreement not to sell beer that has expired, what does the Commission allow distributors to offer retailers that have out of code beer on their shelves? What about seasonal products?

A. According to Section 100.245 of the Commission's Rules and Regulations, "*Nothing in this subsection (f) shall prohibit the exchange of deteriorated product that includes product near or beyond the manufacturer's expiration or "code" date.*" Therefore, the Commission has determined the following:

- 1) Distributors are allowed to exchange near code date or out of code dated beer for identical product or a similarly priced product.

NOTE: Similarly priced product must be from the same supplier unless the distributor does not carry any other brand from the supplier. For example, if the supplier is a craft brewer and the distributor only sells one brand from the craft brewer, the distributor may choose a similarly priced product from another supplier. Otherwise, the exchange must be from the same supplier.

- 2) Seasonal beers may be exchanged with the subsequent seasonal beer of the manufacturer or a similarly priced product.

- 3) Per Public Act 101-0016, effective June 14, 2019, all beer that is within 30 days of, or beyond, its “code date” may be exchanged at a retail location for fresher beer. Beer may be replaced and moved from one account to a faster moving account provided it is within 30 days of its code date.
- 4) Exchanges must be performed no later than the next delivery day. The Commission recognizes that many trucks only carry what has been presold. Therefore, distributors may remove the deteriorated product from the shelf and exchange the deteriorated product on the next delivery day.
- 5) All exchanges must be indicated on the retailer’s invoice. Distributors are subject to disciplinary action by the Commission if the exchange is made without proper notification on the retailer’s receipt.
- 6) Exchanges are for near code or out of code beer only. Retailers demanding the exchange for the beer following a retailer initiated reset is considered a non-bona fide return under Section 100.245 and is considered prohibited.
- 7) According to Section 100.245, “It is a violation of this subsection (f) and Sections 6-4, 6-5 and 6-6 of the Act for a retailer to hold on to deteriorated product in order for it to be exchanged or returned as “out of code.”

Q. I know that the ILCC permits us to pick up near code and out of code product. Does the ILCC also permit me to move the near code product from one retail account to another retailer for a quick sale so that the product is not wasted, and the State does not lose excise tax revenue?

A. The ILCC will allow distributors to move near code product from one retail account to another retail account for expedited sale.

Also “near” the expiration date must be reasonably related to the expiration date. Only product that is within 30 days of, or beyond, its code date may be exchanged.

Q. Can a distributor charge invoice service charges (for example fuel surcharges) to a retailer?

A. Yes. A distributor can charge Invoice Service Charges. The distributor and retailer should note the following:

1. These costs are not costs related to the method of payment as proscribed in Section 100.90(l) of the rules.
2. These charges are not considered alcohol charges which are subject to the “Cash Beer Law” or which may subject a retailer to being placed on the delinquency list.
3. Records of these charges must be maintained pursuant to the record keeping requirements as found in Section 100.30 of the rules.

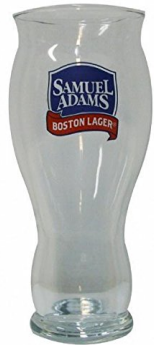
4. A distributor may charge reasonable service charges to retailers.
5. These service charges must be uniformly applied to all similarly situated retailers.
6. The distributor must maintain a defined policy as to how it defines similarly situated retailers.
7. The distributor must also maintain a schedule of pricing for these additional charges.
8. In the event that the distributor does not maintain a defined policy, then it must apply the charge to all retailers or it cannot apply the charge to any retailers.
9. A distributor may allow a retailer up to 30 days from the date of the charge with which to pay the Invoice Service Charge.
10. If the distributor does not uniformly apply these charges, then in situations in which the charge is not applied or appropriately collected, the retailer may have committed a violation of Section 6-5 of the Liquor Control Act and the distributor may have committed a violation of Section 6-6 of the Liquor Control Act. Upon being made aware of the violation, the ILCC may issue a citation for the violation.



Q. My supplier wants me to offer a program to all off premise accounts which provides free glassware to their customers. The program is buying a 12-pack - get 2 free glasses. Is this legal?

A. According to the Illinois Liquor Control Commission, “As long as the glasses are all going to customers and there is nothing retailer-specific on the glasses, this is perfectly fine. Any leftover glasses after the promotion ends should either be picked up by the distributor or sold to the retailer.”

Any glassware which is retailer specific must be purchased by the retailer.



Q. As a distributor, am I permitted to give glassware to a retailer if my supplier gives me the glassware free of charge?

A. No. According to Section 6-6 of the Liquor Control Act, no manufacturer or distributor may “directly or indirectly, sell, supply, furnish, give or pay for, or loan or lease, any furnishing, fixture or equipment on the premises of a place of business of another licensee authorized under this Act to sell alcoholic liquor at retail...”

Section 6-6 (iv) also states: “...however, such items, for example, as coasters, trays, napkins, glassware and cups shall not be deemed to be inside signs or advertising materials and may only be sold to retailers.”

The Commission has determined that these items must be sold at fair market value.

Q. A retailer would like some glassware. They would like our logo and their logo placed on the glasses. Is it legal for us to split the cost with the retailer for the glassware?

A. According to Section 6-6 of the Liquor Control Act, distributors must charge retailers for glassware; therefore, the retailer will have to assume the full cost of the glassware. If the retailer purchases the glassware, they can have any logo they wish placed on the glassware. The retailer would be responsible for any additional costs for placing a logo on the glassware. In order to prevent any potential disciplinary action by the Illinois Liquor Control Commission, it is highly recommended that retailers retain copies of their receipts for all items purchased from a distributor.

Q. Can I give my retailer a Glider for their cooler? Is it considered an inside sign?

A. No. The Illinois Liquor Control Commission has determined that a Universal Adjustable Flow Trak Bottle/Can Organizer (aka Cooler Glides or Gliders) is a “fixture,” and the ILCC would consider it an “of value” violation to provide it to a retailer or to sell the cooler glide below cost. Fixtures, like equipment, may not be given to a retailer by a manufacturer or distributor per Section 5/6-5 and 5/6-6 of the Liquor Control Act.

It has been determined that the cost of the glide is generally at or around \$50. The Commission may inquire where the retailer obtained the glide. If the Commission determines the fixture was given by the distributor, subsequent disciplinary action may follow. If the retailer purchases the glide, it is highly recommended that the distributor keeps a copy of the paid invoice.

Q. The local liquor control has refused to renew a license for a retailer in my market. Their state license is valid until the end of the month. The retailer has appealed the local liquor control's decision. Am I legally allowed to continue to sell to the retailer or should I cease immediately?

A. You are permitted to sell to the retailer during the appeal. Section 7-9 of the Liquor Control Act states:

“...In any case where a licensee appeals to the State Commission from an order or action of the local liquor control commission having the effect of suspending or revoking a license, denying a renewal application, or refusing to grant a license, the licensee shall resume the operation of the licensed business pending the decision of the State Commission and the expiration of the time allowed for an application for rehearing. If an application for rehearing is filed, the licensee shall continue the operation of the licensed business until the denial of the application or, if the rehearing is granted, until the decision on rehearing....”

If the licensee is appealing their second suspension/revocation in a twelve month period, the suspension remains in effect during the pendency of the ILCC process. Distributors should check with ILCC legal staff if a licensee has indicated they have filed an appeal.

Q. If a retail licensee has an invalid license displayed on the wall but the license is in fact valid on the ILCC website, will the distributor be cited for selling to the retail licensee?

A. ABDI has received this question several times recently from distributors. The quick answer is that it is a retailer's responsibility to display a valid license. According to the Director of the ILCC "as long as there is a valid license and no delinquency list issues (wine and spirits sales), the distributor can sell to the retailer regardless of what's on the wall."

Q. I just received a citation from the ILCC for purchasing beer from a brewer whose license had expired. How can this be prevented?

A. The Illinois Liquor Control Commission is issuing citations if a distributor purchases beer from a brewer or other supplier that does not have a valid Illinois license. The ILCC will only issue the citation if the license has been expired for over 30 days.

From the ILCC: *"If a supplier had not been expired for more than 30 days, a citation should not be issued. That should not be construed to say that a distributor is allowed to purchase from a supplier for up to 30 days after expiration; but rather, the ILCC is taking consideration of the fact that the distributor may not immediately discover the expiration due to the limitations of our public lookup. If a citation was issued to a distributor and the supplier had not yet been expired for more than 30 days, please bring those to my attention."*

Moving forward, we are looking to make some enhancements to the public lookup. Currently, you can only see if a licensee is “Active” or “Revoked.” We are looking to add “Expired” as an option to the status. We are also going to add “ALL” as an option and the default status. This would allow two things: 1) the ability to filter to only see those licensees that are currently in the selected status and 2) be able to do a general search and see all licensees that meet the search criteria regardless of the license status. We feel this will improve the usefulness of the public lookup.

As a reminder, the license lookup is refreshed every night. What that means to your members is that someone that renews will not immediately be updated. If they renewed (and were approved) today, their license status would not change until tomorrow. Our next phase of the upgrade to this lookup is to get to truly live data, but we do not have an estimated time on that enhancement. We want to continue to work with you and your members to ensure they can remain in compliance.”

At the request of ABDI, the ILCC issues a report at the beginning of each month showing all licensees that have not renewed their license for over 30 days. The list can be found here: <https://www.illinois.gov/ilcc/Divisions/Pages/Other-Search-Features.aspx>, or on ABDI’s website <http://www.abdi.org/recently-expired-licenses/>, or on ABDI’s App click on “License Look Up” and then click on “Recently Expired Licenses.” The ABDI app is free to all members and their employees. It is available on Apple or Android systems.

Q. How Long Does a Distributor have to Merchandise an Account?

A. The Illinois Liquor Control Commission permits the stocking of shelves and rotation of products at the time of delivery, during a sales call, or at any time for display promotions on a certain product. The Act permits a distributor to merchandise an account within 24 hours before or after the time of delivery. For example, if a distributor driver delivers product at noon on Friday, the distributor has from noon on Thursday until Friday's noon delivery, or until noon on Saturday (but not both) to merchandise the product.

Note: Distributorships must determine whether the merchandiser will arrange shelves 24 hours before or after a delivery or sales call. It is prohibited for distributors to merchandise 24 hours before and after a sales call or delivery.

Q. May a distributor give away free beer for a retailer’s event; i.e., golf outing? May a brewer give away or request that distributors give away free beer under similar circumstances? What about an event for a not for profit?

A. Giving free beer to a Retailer (1A-) is PROHIBITED. Rule 100.280 bans the giving away of any alcohol for a “commercial purpose”, regardless of the provider, including a distributor or manufacturer. This would include giving alcohol to a Retailer (1A-) hosting an event for a not for profit or charitable organization which has not obtained a Special Event (4A-) liquor license.

Section 100.500(d) (14) of the ILCC Rules & Regulation states: An industry member may make contributions of cash, alcoholic liquor products, non-alcoholic products, services, equipment or signs to a non-for-profit organization, including but not limited to charitable organizations, religious organizations, trade associations, political organizations, and fraternal organizations. An industry member may not make contributions of alcoholic liquor products to any not-for-profit organization that has a local municipal and State of Illinois retail license. These donations shall be subject to the following condition:

- A. Donations of alcoholic liquor products may not be given for commercial purposes. The proof of donative intent is on the industry member:
- B. An industry member must maintain invoices on its licensed premises for a period of three years for all alcoholic liquor products donated to not-for-profit organizations;
- C. Signage dollar limitations contained in Section 6-6 of the Act do not apply to signage and advertising materials donated to a not-for-profit organization; and

- D. Advertising and signage referencing the industry member must be reasonably commensurate with a donative intent to ensure that the charitable donation is not being made for a commercial purpose, in violation of Section 100.280. The proof of donative intent is on the industry member.

PLEASE NOTE: It is highly recommended that all distributors who donate alcoholic beverages to non-licensees such as a not for profit or charitable organization or candidate fundraiser maintain Dram Shop Liability Insurance under Section 5/6-21 of the Illinois Liquor Control Act. Distributors and manufacturers alike could be at risk in the event there is a person injured, in person or property, by any intoxicated person by selling or giving the alcoholic liquor which caused the intoxication of said person.

Q. What is the Liquor Control Commission’s interpretation on rotation and resets?

A. The Section 100.500(d) (17) states:

Resetting

Industry members may rotate their own alcoholic liquor products at a retailer’s premises during the normal course of a sales call or a delivery. Rotation is defined as moving newer, fresher product from a storage area to a point-of-sale area and the replenishing of the point-of-sale area with fresh product. Rotation may be performed at any location within a retailer’s premises.

Industry members are permitted to participate in or be present at merchandising resets conducted at a retailer’s premises nor more than four times per year. Resets are defined as large-scale rearrangement of the alcoholic liquor products at a retailer’s premises. During resets, industry members may stock or restock entire sections of point-of-sale locations at the retailer’s premises. No reset shall occur without at least 14 days prior notice made by the retailer to all industry members whose alcoholic liquor products are carried by the retailer. Industry members may only move, alter, disturb or displace their alcoholic liquor products and the products of properly notified by non-attending industry members.

Industry members may provide to retailers recommended diagrams, shelf plans or shelf schematics that suggest beneficial display locations for their alcoholic liquor products at the retailer’s premises. Industry members may not condition pricing discounts, credits, rebates, access to brands, or provision of any other item or activity

permissible under the Act or this Section upon a retailer's choice to implement or not implement diagrams, shelf plans or shelf schematics.

Industry members may not affix prices to products on behalf of retailers. This prohibition includes the indirect affixing of prices to product, including entering prices into a retailer's computer system. This prohibition does not prohibit industry member, after stocking a shelf, from affixing shelf tags that identify the product and price of the alcoholic liquor; however, at no time may an industry member delegate or contract this service to a third party. Shelf tags are considered point-of-sale advertising materials and are subject to the provisions of Section 6-6 of the Act. If permitted stocking by an industry member involves movement and a change in the placement of its product on the retailer's shelf, shelf tags may be moved to the new position of the product.

Manufacturers, distributors and importing distributors may provide diagrams to retailers, which suggest the most beneficial location within the store for the presentation and sale of product to the consumer. If the retailer decides to follow the location suggestion, manufacturers, distributors and importing distributors may reset only their product within the store in accordance with the diagrams, or any modifications thereof, and a formal reset date is not required to be arranged. However, in this circumstance, the party performing the reset may move only its product.

Exchanging Product During Resets

Q. Some distributors have asked ABDI whether a distributor is permitted to exchange product during a reset.

A. Illinois law does not allow retailers to return products discontinued by the retailer.

Discontinued Products. When a manufacturer, non-resident dealer, foreign importer or importing distributor discontinues the production or importation of a product, a distributor or retailer, as the case may be, may return its inventory of that product for cash or credit against outstanding indebtedness. 11 Ill. Admin. Code 100.245

*...Overstocked and Slow Moving Alcoholic Liquor Products. The return or exchange of a product because it is overstocked or slow moving does not constitute a return for "ordinary and usual commercial reasons."
11 Ill. Admin. Code 100.245*

Please note:

Only a manufacturer, non-resident dealer, foreign importer, or importing distributor may discontinue a product. The Rule does not include “retailer” as an entity that may discontinue the product. Therefore, a licensed retailer is not permitted to require the return of product because the product is no longer desired by the retailer because the product may be “slow moving.”

****Disclaimer:** The views and opinions expressed in this FAQ are those of the ILCC and do not necessarily reflect the official policy or position of ABDI.*

ABDI has received numerous questions on signs.



PERMANENT INSIDE SIGN:

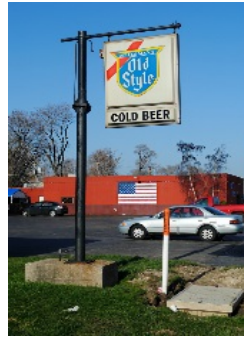
- Unlimited (must not exceed the dollar limit)
- Made of permanent materials (wood, glass, metal, mirrors, neon, or other materials reasonably considered to be of a substantially permanent nature)
- Includes neons, lamps, clocks, lamps, mirrors, tap handles, decals, etc.
- Must include the manufacturer's name, brand, trade name, slogan, etc.
- Permanent signs in a beer garden are inside signs
- MAY NOT BE RETAIL SPECIFIC
- Must not exceed \$6,000 per manufacturer
- Menus and alcohol lists are permanent inside signs – these MAY be retailer specific

TEMPORARY INSIDE SIGN:



- Unlimited (must not exceed the dollar limit).
- Includes lighted chalk boards, acrylic table tent beverage or hors d'oeuvres list holders, banners, flags, pennants, streamers, posters, placards, bowling sheets, table tents, inserts for acrylic table tent holders, sport schedules, etc.
- DOES NOT INCLUDE: coasters, trays, napkins, glassware and cups. These items MAY ONLY BE SOLD to a retailer.
- Must include the manufacturer's name, brand, trade name, slogan, markings, trademark, or other symbol commonly associated with identifying the product.
- Temporary inside signs MAY be retail specific.
- Must not exceed \$1,000 per manufacturer.

The General Assembly broke signage into four categories in the mid-90's (permanent outdoor, temporary outdoor, permanent inside, and temporary inside signs).



OUTDOOR PERMANENT SIGN:

- Unlimited.
- Shall only bear manufacturer's name, logo, brand, symbol, etc.
- Can include: cold beer, on tap, packaged liquor, etc.
- Made of permanent materials (wood, glass, metal, mirrors, neon, or other materials reasonably considered to be of a substantially permanent nature).
- Also includes signs painted on outside walls.
- Signs attached to the outside of a window are considered outside signs.
- Signs attached to the inside of a window are considered inside signs.
- MAY NOT BE RETAIL SPECIFIC.
- Must not exceed \$3,000 per brand.

OUTDOOR TEMPORARY SIGN:





- Unlimited.
- Includes banners, flags, pennants, streamers and other items of a temporary and non-permanent nature.
- Must include the manufacturer's name, brand, trade name, slogan, markings, trademark, or other symbol commonly associated with identifying the product.
- Signs MAY include the product, price, packaging, date or dates of a promotion and an announcement of a retail licensee's event if the sign is intended to advertise the product and the event and promotion are simultaneous.

- May include, community goodwill expressions, regional sporting event announcements, or seasonal messages. All examples above would be acceptable.
- There is no limit on the number of times a logo may appear on 1 sign.
- A two-sided banner, flag, pennant, poster, or streamer displaying the brand name on both sides is considered 1 outdoor temporary sign.
- A multiple sided or wrap around sign or signs affixed to a pole, fence, or other stationary object displaying the same brand on both sides is considered 1 sign.
- MAY NOT BE RETAIL SPECIFIC.
- Must not exceed \$1,000 per manufacturer.

Q. What is considered a permanent versus a temporary sign? There seems to be some confusion in the marketplace.

A. The Commission has historically interpreted the signage law (Section 6-6) to be as follows:

Permanent signs are those made of wood, glass, metal, mirrors, neon, or other materials reasonably considered to be of a substantially permanent nature. Temporary signs include banners, flags, pennants, streamers, and other items of a temporary and non-permanent nature. Each sign must bear the logo, trademark, etc. of the manufacturer of the brand and be displayed on the exterior of the premises, such as on the building itself, on fences, in parking lots, or upon other structures reasonably considered to be a part of the realty upon which the licensed premises operates.

Signs painted on outside walls are considered exterior permanent signs. Signs attached to the inside of a window but facing toward the outside are considered interior signs. Signs attached to the outside of a window are considered exterior signs.

Signage on fences are considered outside signage. Umbrellas in beer gardens and on sidewalk cafes are considered inside signs and subject to the inside sign dollar limitations. Umbrellas in beer gardens do not affect the value limitations of outside signage.

Temporary inside signs shall also include product displays such as display racks, bins, barrels or casts or similar items the primary function of which is to temporarily hold and display alcoholic beverages. All product displays must bear conspicuous and substantial advertising matter containing the brand, name of the manufacturer or manufacturers' logos, permanently inscribed or securely affixed. The cost of such product display shall be includable in the aggregate cost per manufacturer under dollar limitations for temporary inside signs. Temporary inside signs may include names, slogans, markings or logos that relate to the retailer.

Q. A retailer wants to advertise their Happy Hour Specials on one of our banners. Is this legal?

A. Yes. The Illinois Liquor Control Commission does permit you to advertise a retailer's happy hour, meal packages and party packages on a sign provided by the distributor. However, please refrain from the following:

- You may not advertise "Ladies Night" or "Men's Night" as this would imply that only a certain gender may receive the price advertised.
- You may still advertise daily drink specials. However, the advertisement must mention that the drink special is "All Day."

- You may not advertise any illegal activity. For example, illegal gambling (where not approved by the ILCC and the Gaming Board) that is based on chance not skill.
- Generally, specials must be proportionately priced. However, the ILCC will permit drinks to be discounted at no more than 50% off. For example, you may advertise \$2.00 - 12-ounce draft beers and \$3.00 – 24-ounce draft beers. At no time may there be 2-for-1 specials. Proportionate pricing applies to individual drinks, not to pitchers, bottles of wine/sprits, carafes, buckets, flights or similar containers. As long as a price reduction is not equal to selling 2 or more alcoholic drinks for the price of one, a retailer is free to set any price for a pitcher, bottle, carafe, bucket, flight or similar container.

Q. Can distributors use social media to advertise retailers’ promotions and beer specials?

A. ABDI initiated legislation last year, which became law, allowing distributors to advertise its products and repost or share a retailer’s social media post on the distributor’s social media page. The only stipulation is that distributors may not contain the price of the alcoholic liquor.

Section 6-5 “...A manufacturer, distributor, or importing distributor may furnish free social media advertising to a retail licensee if the social media advertisement does not contain the retail price of any alcoholic liquor and the social media advertisement complies with any applicable rules or regulations issued by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury. A manufacturer, distributor, or importing distributor may list the names of one or more unaffiliated retailers in the advertisement of alcoholic liquor through social media. Nothing in this Section shall prohibit a retailer from communicating with a manufacturer, distributor, or importing distributor on social media or sharing media on the social media of a

manufacturer, distributor, or importing distributor. A retailer may request free social media advertising from a manufacturer, distributor, or importing distributor. Nothing in this Section shall prohibit a manufacturer, distributor, or importing distributor from sharing, reposting, or otherwise forwarding a social media post by a retail licensee, so long as the sharing, reposting, or forwarding of the social media post does not contain the retail price of any alcoholic liquor. No manufacturer, distributor, or importing distributor shall pay or reimburse a retailer, directly or indirectly, for any social media advertising services, except as specifically permitted in this Act. No retailer shall accept any payment or reimbursement, directly or indirectly, for any social media advertising services offered by a manufacturer, distributor, or importing distributor, except as specifically permitted in this Act. For the purposes of this Section, "social media" means a service, platform, or site where users communicate with one another and share media, such as pictures, videos, music, and blogs, with other users free of charge."

Process for Successful Execution of a Special Event License or Special Use Permit

Before beginning to lay out the steps for this process, it is necessary to understand the difference between a "Special Event License" and a "Special Use Permit."

A "**Special Event License**" is for an event sponsored by a not-for-profit organization. This group becomes the special event licensee and it permits them to purchase alcoholic liquors from an Illinois licensed distributor (unless the licensee purchases less than \$500 of alcoholic liquors for the special event, in which case the licensee may purchase the alcoholic liquors from a licensed retailer), and shall allow the licensee to sell and offer for sale, at retail, alcoholic liquors for use or consumption, but not for resale in any form, and only at the

location and on the specific date(s) designated for the special event on the license. In addition to this license, **local liquor licensing authority approval is needed as well as Dram Shop liability insurance.** The licensee must purchase the insurance – coverage in place by the distributor or retailer does not cover the event. This type of license is to be used only for events conducted by an educational, fraternal, political, civic, religious or not-for-profit organization – **NOT A RETAILER.** The license can be for a single day, or up to 15 days (consecutive or non-consecutive) if the event location does not change.

A “**Special Use Permit**” allows an Illinois licensed liquor retailer to transfer a portion of its alcoholic liquor inventory from its licensed retail premises to a designated site for a special occasion. In order to obtain a special use permit, the applicant must already possess a State of Illinois Retail Liquor License. Additionally, **local liquor licensing authority approval is needed as well as Dram Shop liability insurance** in order to obtain the permit. The permit can be for a single day, or up to 15 days (consecutive or non-consecutive) if the event location does not change.

Steps for Executing a Successful Special Event License:

1. The not-for-profit should apply for and receive local liquor licensing approval for the event.
2. The not-for-profit should obtain a Dram Shop liability policy for the event.
3. Once both of these items have been obtained, the not-for-profit should apply for a Special Event License (4A/\$25 or 4F/\$750) through the Illinois Liquor Control Commission. This should be done more than 15 days from when the event takes places, otherwise the licensee will be subject to a \$25 late fee for the application.

4. Once the application has been approved, the licensee (not-for-profit) should make arrangements with the distributor to purchase product and schedule the delivery date for the event. If the licensee does not intend to purchase more than \$500 worth of product, they are allowed to make the purchase from a retailer and return the product after the event.
5. At the time of delivery, the distributor must collect the full amount owed for the product and invoice it under the 4A/4F license.
6. If there is product left over after the event (often caused by bad weather, or the licensee ordered too much) the licensee is allowed to return the unused product to the distributor or retailer to receive a refund.
7. The distributor must make a detailed invoice under the 4A/4F license for the returned product.

Steps for Executing a Successful Special Use Permit:

1. The retailer should apply for and receive local liquor licensing approval for the event.
2. The retailer should obtain a Dram Shop liability policy for the event or extend their current coverage for the event.
3. Once both of these items have been obtained, the retailer should apply for a Special Use Permit (4B/\$150 – single day or 4C/\$250 – 2-15 day duration) through the Illinois Liquor Control Commission. This should be done more than 15 days from when the event takes places, otherwise the licensee will be subject to a \$25 late fee for the application.
4. Once the application has been approved, the permittee (retailer) should make arrangements with the distributor to purchase product and schedule the delivery date for the event.

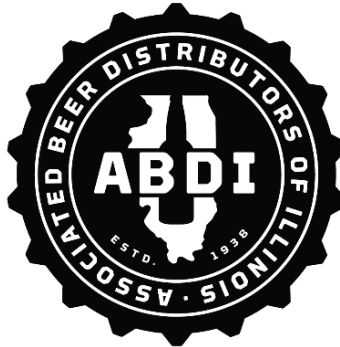
5. At the time of delivery, the distributor must collect the full amount owed for the product and invoice it under the 4B or 4C permit, **NOT THE RETAILER'S 1A LICENSE.**
6. If there is beer left over after the event (often caused by bad weather, or the licensee ordered too much) the licensee is allowed to return the unused product to the distributor or retailer to receive a refund. Returns are limited to salable beer only (not wine, spirits, or cider.)

Q. Can distributors lease equipment to retailers?

A. Leasing Beer Dispensing Equipment: PA. 101-0016, effective June 14, 2019, codifies a long-standing practice of a manufacturer, distributor, or importing distributor providing beer dispensing equipment (free of charge) to not-for-profit organizations hosting an event, as well as a one-time-per-year allowance to provide the equipment to retailers. Additionally, it would allow these same licensees to lease beer dispensing equipment to retailers at fair market value. The entity leasing the equipment must collect payment with 30 days of its use and may not enter into a license for longer than a 6-month period. They must also abide by a 90 day “cool off period” between lease agreements with the same retailer.

Q. Some flavored malt beverages have higher ABV. Do I tax these at the wine rate?

A. No. Beer is beer. Regardless of Alcohol by Volume: Public Act 101-0016 reaffirms a Department of Revenue interpretation that malt-based beverages (wholly or in part) are in fact beer and shall be taxed at such rate-regardless of the alcohol by volume.



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