

ILCC News

Bootlegging – NOW A FELONY

The practice of bootlegging has been a common, illegal practice since the time of prohibition and beyond. In the modern post-prohibition era, bootlegging still exists, but in a different form.

Bootlegging has become sophisticated in the modern era to circumvent the three-tier system that is the basic structure of the alcoholic beverage industry in Illinois. The three-tier system includes (1) the manufacturer, who sells the product to (2) the wholesaler/distributor, who then sells the product to (3) the retailer. By law, retailers must purchase their alcohol products from a distributor. If a retailer runs out of a product, the retailer is prohibited from purchasing it from another retailer for resale. This includes crossing state lines and transporting alcohol from another state and reselling it in Illinois.

Between illegal transporting and e-commerce shippers, shipping alcohol in Illinois without a license is costly to the State of Illinois. It is estimated that the State of Illinois can lose \$20 to \$30 million in tax revenues every year.

On August 26, 2016, Governor Bruce Rauner signed Senate Bill 2989, known as Public Act 099-0904, into law to toughen the penalties for bootlegging into a Class 4 felony. Specific provisions in the law include the following:

- Applicants for a winery shipper's license must disclose source shipping addresses and provide copies of written appointments of third-party providers.
- Third-party providers must file annual reports with the Commission, detailing each shipment made to an Illinois resident.
- Persons without valid licenses who manufacture, import, transport from outside Illinois into Illinois, distribute, or sell 108 liters (28.53 gallons) or more of wine, 45 liters (11.88 gallons) or more of distilled spirits, or 118 liters (31.17 gallons) or more of beer shall be guilty of a Class 4 felony for each offense.
- Persons without valid licenses who manufacture, import, transport from outside Illinois into Illinois, distribute, or sell less than the amounts outlined above shall be guilty of (i) a business offense and fined not more than \$1,000 for the first offense and (ii) a Class 4 felony for each subsequent offense.
- Persons who violate a cease and desist notice from the Commission by shipping alcoholic liquor into Illinois without, or in violation of, a valid license, shall be guilty of a Class 4 felony.
- The new law also authorizes an increase in liquor license fees previously proposed in HB 5820.