

Overview of “Happy Hour” Rules

In 2015 the Illinois legislature passed legislation which lessened the rules that prohibited the practice of “happy hour” drink specials. The changes to the law now permit establishments to engage in the practice of discounting the price of alcoholic beverages during certain hours of operation. In addition, to allowing for “happy hour” drink specials, the changes to the law clarify other practices regarding the sale of alcoholic beverages. Following is a synopsis of the permitted and prohibited practices under the Illinois “happy hour” law:¹

- Licensees are required to maintain a schedule of prices charged for drinks of alcoholic beverages to be served and consumed on the licensed premises.
- Licensees can sell pitchers, buckets of beer, carafes of wine, and bottles of spirits to individuals.
- Licensees can reduce drink prices for up to 4 hours in any one-day, and no more than 15 total hours a week. The 4 hours a day need not be consecutive, but they cannot occur between 10:00 pm and the licensed premise’s closing hour. In order to reduce the prices during a specified time the licensee must give notice of the reduced pricing 7 days prior to the drink promotion period. Notice must be posted on the premises or on the licensee’s website.
- Licensees can still engage in daily drink specials if the price of the drink special is listed on the mandatory schedule of drink prices.
- Licensees can offer free food or entertainment at any time.
- Licensees can include alcoholic drinks as part of a “meal package” at a fixed price with no limit on the number of drinks that can be provided. Snacks and other “finger food” are considered “food” for purposes of a “meal package”.
- Licensees can sell “party packages” with no limit to the number of drinks that can be served. A “party package” is a private event and is not open to the public. A “party package” requires the following:
 - The licensee must offer food in a dedicated space; Snacks and other “finger food” are considered “food” for purposes of a “party package”;
 - The duration of the “party package” is limited to 3 hours;
 - Attendees must be issued some form of identification to distinguish them (wristbands, lanyards etc.) and;
 - The licensee must exclude individuals not participating in the “party package” from the dedicated space.

- Allows for the sale/inclusion of alcoholic beverages as part of a hotel package. In addition, the law allows for alcoholic beverages to be included in room service.
- Allows for the sale of beer and wine at specially licensed entertainment venues adjacent to stadiums under the following limited conditions:
 - Only beer and wine can be provided as part of the “entertainment package”.
 - Events can only occur on dates when there is a scheduled event at the adjacent stadium.
 - Tickets to the event must be purchased ahead of time. No same day ticket sales are permitted.
 - Restricts hours of service to two hours before the event and one hour after the event.
- The sale of more than one drink for the price of one drink is prohibited ex: 2 for 1 drinks are prohibited.
- Increasing the volume of liquor in a drink without proportionally increasing the price charged is prohibited. The establishment cannot provide a double shot at a disproportionate amount (e.g. if a drink normally costs \$4.00 you could not add a double shot for only .50 cents).
- Permitting any game or contest that involves drinking alcohol or awards a drink as a prize is prohibited.
- The sale of an unlimited number of drinks during a set time for a fixed price is prohibited – ex: \$10.00 all you can drink events. Exception “private functions” as defined below:
 - A “private function” means a private party, function, or event for a specific social or business occasion, either by invitation or reservation, and not open to the public, where the guests in attendance are served in a room or rooms designated and used exclusively for the private party, function, or event. The sale of alcohol must be made directly to the host of the event either before or after the event.
 - The event cannot be open or advertised in any way to members of the public.
 - The host cannot charge guests to enter the event nor charge guests for alcoholic beverages during the event. Any indication of pre-payment to enter (e.g. tickets, issuance of wristbands) would disqualify the event as a private function.
 - The event space must be clearly designated and physically separate from other areas open to the general public.
 - The promotion of a specific alcoholic liquor brand is prohibited.²

Note a “private function” is different than a “party package” in that private functions are not open to the general public and are not subject to the “party package” 3-hour time limit.

Why Were “Happy Hour” Rules Changed?

The sponsors and promoters stated that the goal of the changes was to allow licensed restaurants and bars to engage in temporary price reductions and utilize other marketing tools to promote the hospitality industry and increase revenue for local municipalities through the

collection of increased taxes because of increased sales. Supporters of the change indicate that the changes will allow the industry to more effectively compete with other regional markets.³

Why “Happy Hour” Rules are Important to Communities

Strong limitations on dispensing of alcoholic beverages can limit youth access and potentially reduce the negative consequences (drunk driving, binge drinking, assaults, academic failure, brain development) that can occur from the over-consumption of alcoholic beverages. Research studies show that the cost of alcohol impacts the rate of consumption. In 2005 The National Liquor Law Enforcement Association (NLLEA) conducted a review of studies and state laws regarding “happy hours” and “drink specials” practices and noted “research demonstrates that alcohol consumption, intoxication, and drinking/driving rates are sensitive to the price of alcoholic beverages” (Chaloupka, et al., 2002). Underage people and young adults are particularly affected by the cost of alcohol. Studies show that increases in the price of alcohol significantly reduce the number of drinks consumed by this population (Grossman, et al., 1998; Chaloupka, et al., 2002). Happy hours, drinking contests, “all you can drink” specials, and the like encourage over-consumption by reducing prices, a potent inducement to drinking large amounts of alcohol in short time periods. The research offers strong evidence for the negative health outcomes of happy hour and other drink specials practices, thereby suggesting that policies restricting these practices could have a positive impact on public health.⁴

Considerations for “Happy Hour” Rules

In 2017 the Illinois Liquor Control Commission (ILLC) launched a new initiative (LC-13 Project) to engage local law enforcement in the oversight and enforcement of alcohol laws on behalf of the ILLC. The LC-13 project contracts with local agencies (police, fire, health, and/or code enforcement) to conduct inspections of licensed premises and report their findings to the ILLC for administrative review. Through these cooperative agreements local agencies receive training from ILLC staff on how to conduct inspections of licensed premises to ensure compliance with state alcoholic beverage laws. These cooperative agreements present a tremendous opportunity for community coalitions and local enforcement agencies to engage with local retailers and provide education and guidance on “best practices” regarding proper service issues, to include over-service issues, “happy hour” rules, and general information regarding underage drinking and its negative consequences. Will the money be applied to a special dedicated source of funding to be used for education, treatment programs, and enforcement?

Helpful Tips and Suggestions

The legislative changes that were enacted in 2015 maintained the “Home Rule” jurisdiction allowing local units of government to keep local control of alcohol related ordinances. Consequently, local coalitions may find it beneficial to advocate at the local level to ensure that local city/county leaders strengthen the local ordinances regarding “happy hour” drink specials, service practices, and advertising guidelines to ensure that alcoholic beverages are dispensed in a safe and responsible manner. As always be sure to adhere to the contractual limitations specified within your grant when educating city/county officials on any potential legislation.

Resources and Tools

The law can be somewhat cumbersome, but in short the Illinois Liquor Control Commission has attempted to clarify the acceptable and unacceptable practices in a publication entitled FAQs of “happy hour” changes. A copy of the document is posted on the Alcohol Policy Resource Center website at www.prevention.org.

References

1. Illinois Liquor Control Act of 1934 Sections 235 ILCS 5/6-28 & 5/6-28.5
2. Illinois Liquor Control Act of 1934 Sections 235 ILCS 5/1-3.36
3. Illinois Restaurant Association Press Release May 31, 2015
4. Research Report -Preventing Over-consumption of Alcohol – Sales to the Intoxicated and “Happy Hour” (Drink Special) Laws U.S. Department of Transportation- NHTSA DOT HS 809 878 Revised February 2005 Page 3– Accessed 05/30/18 from the National Liquor Law Enforcement Association at <http://www.nllea.org/documents/PreventingOverconsumptionNHTSA.pdf>