

Conditions of Use of Tax-Free Alcohol

(To be posted in a conspicuous place within the locked storage area)

1. No full drum deliveries shall be made from storehouse stock at any time.
2. Deliveries that exceed the stated monthly requirement and deliveries of more than 25 gallons must conform with fire protection and environmental health and safety standards and have prior approval of the chancellor or designee.
3. The user's custodian shall sign a storehouse receipt for each delivery of alcohol and shall maintain complete, accurate, and up-to-date records of all tax-free alcohol transactions in which the custodian is involved.
4. All tax-free alcohol shall be used only on the premises of the permittee and shall not be transported to any location other than a university-owned building on that particular campus. (For possible exceptions refer to sec. 22.102 of the federal regulations on tax-free alcohol below.)
5. Each campus and user shall establish and maintain its alcohol storage facility in accordance with the following criteria:
 - a. Flammable liquid storage cabinet as described in Section 290-65.
 - b. Adequate size and construction to provide good ventilation.
 - c. Suitable location which provides convenience to authorized personnel and affords maximum physical protection.
 - d. Use of or adherence to security devices or practices which shall include, but are not limited to use of a cylinder type door lock or heavy-duty padlock. If a padlock is used, the hasp must be installed to preclude access to the mounting screws or bolts when the door is closed and the lock is in place. The facility custodian shall have sole custody of the primary key to the facility, and the procedures shall be established to safeguard all keys.

Excerpts from the Federal Regulations on Tax-Free Alcohol

Sec. 22.104(d) - Educational Organizations, Colleges Of Learning, and Scientific Universities Uses - Tax-free alcohol withdrawn by educational organizations, scientific universities, and colleges of learning shall be used only for scientific, medicinal, and mechanical purposes. Use of tax-free alcohol and resulting products are limited by the provisions of Sec. 22.102.

Sec. 22.102 - Prohibited Uses

- (a) Usage. Under no circumstances may tax-free alcohol withdrawn under this part be used for beverage purposes, food products, or in any preparation used in preparing beverage or food products.*
- (b) Selling. Persons qualified under this part are prohibited from selling tax-free alcohol, using tax-free alcohol in the manufacture of any product for sale, or selling any products resulting from the use of tax-free alcohol.*
- (c) Removal from premises. Persons qualified under this part may not remove tax-free alcohol or products resulting from the use of tax-free alcohol from the permit premises unless specifically authorized by the terms of their permit, or permission is obtained from the appropriate ATF officer. . . .*
- (d) Liability for tax. Permittees who use tax-free alcohol in any manner prohibited by this section become liable for the tax on the alcohol. Any permittee who sells tax-free alcohol also becomes liable for special (occupational) tax as a liquor dealer.*