

SB 829 -1, -2, -3 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/21, 4/4

WHAT THE MEASURE DOES:

Establishes requirements for wine label regarding identification of American Viticultural Areas (AVAs) for wine bottled on or after January 1, 2023. Authorizes Oregon Liquor Control Commission (OLCC) to exempt AVAs from requirements. Authorizes OLCC to impose label requirements for wine produced in state. Requires OLCC to appoint advisory committee to assist in development of wine label rules, including standards for the request and approval of variances, AVAs exempt from label requirements, and penalty schedule for violations. Sunsets advisory committee January 2, 2023. Requires OLCC and advisory committee to consult with Oregon winemaking associations before adoption of rules. Requires OLCC adopt penalty schedule for violations of label requirements by January 1, 2023. Requires OLCC to report to Legislative Assembly regarding the recommendations made by the advisory committee no later than September 15, 2020. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Global success and reputation of Oregon wines, particularly Pinot Noir
- Benefits of highlighting the Willamette Valley AVA on wine labels

EFFECT OF AMENDMENT:

-1 Replace the measure. Authorizes OLCC to establish requirements for wine label regarding identification of American Viticultural Areas (AVAs) for wine bottled on or after January 1, 2023. Requires OLCC to adopt rules specifying AVAs for which wine labeling requirements apply. Requires OLCC to appoint advisory committee to assist in development of wine label rules, including AVAs subject to wine labeling standards, standards for the request and approval of variances, and a penalty schedule for violations. Sunsets advisory committee January 2, 2024. Requires OLCC and advisory committee to consult with Oregon winemaking associations before adoption of rules. Requires OLCC adopt penalty schedule for violations of label requirements by January 1, 2023. Requires OLCC to report to Legislative Assembly regarding the recommendations made by the advisory committee no later than September 15, 2020. Takes effect on 91st day following adjournment sine die.

-2 Prohibits AVA from appearing on wine label that resembles brand name. Exempts brand name in continuous use since before December 31, 2017 used in conformance with OLCC standards, subject to federal trademark registration, and sold in interstate commerce.

-3 Replace the measure. Authorizes OLCC to establish requirements for wine label regarding identification of American Viticultural Areas (AVAs) for wine bottled on or after January 1, 2023. Requires OLCC to adopt rules specifying AVAs for which wine labeling requirements apply. Requires Willamette Valley and nested AVAs be subject to label requirements. Exempts brand or name in continuous use since December 31, 2017 which meets specified standards. Requires OLCC to appoint advisory committee to assist in development of wine label rules, including AVAs subject to wine labeling standards, standards for the request and approval of variances, and a penalty schedule for violations. Sunsets advisory committee January 2, 2024. Requires OLCC and advisory committee to consult with Oregon winemaking associations before adoption of rules. Requires OLCC adopt penalty schedule for violations of label requirements by January 1, 2023. Requires OLCC to report to Legislative

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BACKGROUND:

An American Viticultural Area (AVA) is a designated grape-growing region with boundaries defined by the Alcohol Tobacco Tax and Trade Bureau (TTB). AVAs allow vintners and consumers to attribute a given quality, reputation, or other characteristics of a wine made from grapes grown in a specific geographic region. Oregon contains 19 AVAs.

Wine containers must have a certificate of label approval or an exemption certificate from the TTB before being sold in the United States. TTB standards require at least 75 percent of the wine to be produced from grapes grown in the place named, and at least 85 percent if the label lists a specific AVA. Under Oregon regulations, if the label claims or implies "Oregon," an Oregon county, or an AVA wholly within Oregon, 100 percent of the grapes must be from Oregon and 95 percent from the specified AVA.

Senate Bill 829 requires wine bottled after January 1, 2023, to identify both the "mother" and "nested" AVAs. The measure requires the OLCC to appoint a rule advisory committee and consult with Oregon winemaking associations to adopt rules implementing the label standards, including a penalty schedule for violations.