

## **SB 111 -1 STAFF MEASURE SUMMARY**

### **Senate Committee On Judiciary**

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**Prepared By:** Channa Newell, Counsel

**Meeting Dates:** 2/20

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#### **WHAT THE MEASURE DOES:**

Makes certain wine labeling practices a deceptive label if more than one American Viticultural Area (AVA) is stated or implied on label, unless areas overlap or are nestled within larger area, the AVA is stated or implied as the brand name, use of name conflicts with Oregon Liquor Control Commission (OLCC) standards for AVA, crushing or pressing not performed in Oregon or within the AVA. Clarifies that deceptive label brand designation does not apply if the brand name state or implied AVA is federally trademarked, the wine is sold in interstate commerce, the brand is in use before December 31, 2017, or the wine is in conformance with established commission standards for the AVA. Requires annual statement from manufacturer of wine from outside Oregon if label implies AVA is within state. Requires notarized statement that wine conforms to labeling and packaging laws of Oregon. Allows fine of up to \$25,000 for violation of act. Makes violation an unlawful trade practice under ORS 646.608. Requires Oregon Liquor Control Commission to report on compliance and recommendations for further action no later than September 15, 2026.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-1 Replaces measure. Prohibits alcohol licensee from keeping wine with deceptive mark or label for sale. Makes labeling wine as "Oregon" wine or Oregon county-specific wine a deceptive label or brand if less than 100 percent of grapes are grown in Oregon, or contains additions not allowed in Oregon wines. Provides parameters for use of AVA designation. Provides exemption from AVA requirements for wine labels that are in conformance with commission standards and for which a federal trademark is registered or the wine is sold into interstate commerce. Provides specifications on when a wine is considered deceptively labeled or packaged. Allows Oregon Liquor Control Commission ability to assess civil fine up to \$25,000. Requires report on number and type of complaints related to labels no later than September 15, 2024.

Requires person to hold winery license or valid out of state winery permit prior to purchasing grapes or juice for use in a winery. Requires OLCC to create an out of state winery permit. Specifies permit process, including bonding requirement.

Allows OLCC, with advice and consent of AG, to enter into agreements with other states to preserve wine quality and reputation and to protect consumers.

Specifies additional oversight of records and premises related to wine making.

Takes effect 91 days sine die.

##### **BACKGROUND:**

Oregon State University estimated that in 2015, the Oregon wine industry had a \$3.35 billion dollar impact on Oregon's economy. Wine labeling is controlled by both federal and state laws. The Alcohol and Tobacco Tax and Trade Bureau (TTB) regulates American Viticultural Areas, or AVAs. In order to specify a particular AVA on a wine label, at least 85% of the grapes in the wine must be grown in that AVA. An AVA may cross a state boundary. Under Oregon law, ORS 471.445 requires the label on a bottle of wine to precisely and clearly indicate the

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contents of the bottle and not mislead on age, composition, quantity, or quality.

Senate Bill 111 modifies ORS 471.446, Seals on wine and cider containers, to specify that a label is deceptive if more than one AVA is stated or implied unless areas overlap or are nestled within larger area, the AVA is stated or implied as the brand name, use of name conflicts with OLCC standards for AVA, and crushing or pressing was not performed in Oregon or within AVA if it overlaps into adjacent state. The measure provides several exceptions to the deceptive label designation and requires an annual statement from wine makers that the wine is made in conformance with AVA standards. Additionally, the measure makes violations an unlawful trade practice and allows the OLCC to levy a fine of up to \$25,000 for violations.