

SB 830 -1, -2, -5 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:

Specifies minimum content and label requirements if wine label includes American Viticultural Areas (AVA) and uses a single grape variety for wine bottled on or after January 1, 2023. Revises requirements for wine bottled on or after January 1, 2030. Authorizes Oregon Liquor Control Commission (OLCC) to exempt wine varieties or AVAs from requirements. Requires OLCC to appoint advisory committee to assist in development of wine label rules, including standards for the request and approval of variances, standards for the labeling of exempt single-variety wines, exempt and nonexclusive grape varieties, and penalty schedule for violations. Sunsets advisory committee January 2, 2030. Requires OLCC and advisory committee to consult with Oregon winemaking associations before adoption of rules. Requires OLCC to 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 Oregon's heightened content standards and potential benefits of increasing minimum content requirements from 95 percent of designated variety to 100 percent of designated variety
- Potential economic harm to vineyards outside the Willamette Valley who currently sell fruit to Willamette Valley wineries

EFFECT OF AMENDMENT:

-1 Replaces the measure. Authorizes OLCC to adopt minimum content and label requirements if wine label includes American Viticultural Areas (AVA) and uses a single grape variety for wine bottled on or after January 1, 2023. Revises requirements for wine bottled on or after January 1, 2030. Requires OLCC to adopt rules identifying AVAs and grape varieties for which labeling requirements apply, including at least Willamette Valley AVA using pinot noir. Prohibits classification of pinot noir as exempt variety. Requires OLCC to appoint advisory committee to assist in development of wine label rules, including standards for the request and approval of variances, AVAs and grape varieties subject to label requirements, standards for the labeling of exempt single-variety wines, 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 to 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 Exempts from requirements wine label that bears all or part of the name of AVA as brand name if brand name was established on or before December 31, 2017. Requires wine with appellation of AVA and single grape variety be produced entirely from designated grape variety. Authorizes OLCC to adopt exemptions and prohibits exemption of pinot noir.

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-5 Replaces the measure. Authorizes OLCC to adopt minimum content and label requirements if wine label includes American Viticultural Areas (AVA) and uses a single grape variety for wine bottled on or after January 1, 2023. Revises requirements for wine bottled on or after January 1, 2030. Requires OLCC to adopt rules identifying AVAs and grape varieties for which labeling requirements apply, including at least Willamette Valley AVA, and nested AVAs, using pinot noir. Prohibits classification of pinot noir as exempt variety. Establishes grape varieties that must be classified as exempt. Requires OLCC to appoint advisory committee to assist in development of wine label rules, including standards for the request and approval of variances, AVAs and grape varieties subject to label requirements, and a 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 to 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.

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 and grape varietals allow vintners and consumers to attribute a given quality, reputation, or other characteristics of a wine made from a specific grape variety or grapes grown in a specific geographic region. Oregon contains 19 AVAs and there are over 10,000 varieties of wine grapes in the world.

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 grapes used to make a wine to be of the declared variety, while Oregon regulations require 95 percent or more of the wine to be from the named variety and identified AVA.

Senate Bill 830 establishes new label requirements regarding minimum content requirements for identification of a single grape variety and AVA. 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.