

## **SB 831 -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

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

Requires that wine using American Viticultural Areas (AVAs) in this state as appellation of origin or implying Oregon AVA as source be produced entirely from grapes grown in that AVA. Applies to wine bottled on or after January 1, 2023. Authorizes Oregon Liquor Control Commission (OLCC) to exempt AVAs from requirements. Requires OLCC to appoint advisory committee to assist in development of rules, including standards for the request and approval of variances, exemptions for AVAs, 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.

#### **ISSUES DISCUSSED:**

- Global success and reputation of Oregon wines, particularly Pinot Noir
- Benefits of Oregon's heightened content standards and potential benefits of requiring wine to be produced entirely from fruit grown in identified AVA
- 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 require that wine using American Viticultural Areas (AVAs) in this state as appellation of origin or implying AVA as source be produced entirely from grapes grown in that AVA. Requires OLCC adopt rules identifying AVAs subject to requirement, including at least AVAs within Willamette Valley AVA. Allows OLCC to grant variance if wine meets minimum content and source requirements until January 1, 2036. Applies to wine bottled on or after January 1, 2030. Requires OLCC to appoint advisory committee to assist in development of rules, including AVAs for which labeling requirements should apply, standards for the request and approval of variances, standards for allowing use of existing labels, and a 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, 2030. 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 label requirement wine label that bears all or part of name of AVA as brand name if brand name was established on or before December 31, 2017.

-3 Replaces the measure. Authorizes OLCC to require that wine using American Viticultural Areas (AVAs) in this state as appellation of origin or implying AVA as source be produced entirely from grapes grown in that AVA. Exempts from label requirement wine label that bears all or part of name of AVA as brand name if brand name was established on or before December 31, 1990. Requires OLCC adopt rules identifying AVAs subject to requirement, including at least AVAs within Willamette Valley AVA. Allows OLCC to grant variance if wine meets

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minimum content and source requirements until January 1, 2035. Applies to wine bottled on or after January 1, 2030. Requires OLCC to appoint advisory committee to assist in development of rules, including AVAs for which labeling requirements should apply, standards for the request and approval of variances, standards for allowing use of existing labels, and a 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, 2030. 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 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.

Alcohol beverage 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% 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 831 increases the minimum content requirement from 95 percent from the specified AVA to 100 percent. 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.