

SB 829 A -A4 STAFF MEASURE SUMMARY

House Committee On Economic Development

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Meeting Dates: 4/24, 5/15

WHAT THE MEASURE DOES:

Authorizes Oregon Liquor Control Commission to establish wine label requirements for wine bottled on or after January 1, 2023 regarding the identification of larger American Viticultural Areas (AVAs) when wine label contains an AVA wholly or partially located within the boundaries of a larger AVA. Requires Commission to adopt rules specifying AVAs for which requirements apply. Requires Willamette Valley and AVAs within its boundaries to be subject to label requirements. Prohibits use of AVA in manner that resembles brand name and exempts brand or name in continuous use since December 31, 2017, and that before that date had been used in conformance with Commission standards, were trademarked, and sold in interstate commerce. Requires Commission to appoint advisory committee with expertise in the production and labelling of Oregon wine to assist with rulemaking, including AVAs subject to wine labeling standards, standards for requests to use existing label stocks, and a penalty schedule for violations. Requires committee to consult with Oregon winemaking associations before recommending to the Commission that an AVA be included in wine label requirements. Requires OLCC adopt penalty schedule for violations of label requirements by January 1, 2023. Sunsets advisory committee January 2, 2024. 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.

REVENUE: Has minimal revenue impact

FISCAL: Has minimal fiscal impact

ISSUES DISCUSSED:

- Recognition of the Willamette Valley American Viticultural Area (AVA), but not sub-AVAs
- Process to engage winemakers and winegrowers in developing proposed legislation
- Oregon Liquor Control Commission authorities to set certain standards
- AVA as geography, not a business organization, and the proposed AVA engagement or decision-making processes

EFFECT OF AMENDMENT:

-A4 Requires Oregon Liquor Control Commission to appoint an odd number of members to advisory committee and to appoint at least one member from within and one from outside of the Willamette Valley viticultural area.

BACKGROUND:

An American Viticultural Area (AVA) is a designated grape-growing region defined by soil types, elevation, topography, and microclimate and approved by the Alcohol and Tobacco Tax and Trade Bureau (TTB). AVAs allow vintners and consumers to attribute a given quality, reputation, or other characteristics of a wine to the grapes grown in a specific geographic region. Oregon contains 19 AVAs. Five more AVAs in the Willamette Valley are pending federal approval.

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.

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Senate Bill 829-A is one of three bills addressing wine label requirements and Oregon Liquor Control Commission authorities. The measure allows the Commission to require that wine labels identify both the AVA and any larger AVA in which it is wholly or partially located for wine labeled on or after January 1, 2023. The Willamette Valley AVA and AVAs within its boundaries are subject to the requirement, but the Commission and new advisory committee must consult with winemaking industry associations before determining whether other areas should also be included in the labeling requirements. The measure prohibits the use of an AVA in a manner that resembles a brand name, but exempts brands and names in continuous use since December 31, 2017, and that before that date had been used in conformance with Commission standards, were trademarked, and sold in interstate commerce. An advisory committee with production and labeling expertise, and that represents the various wine grape growing areas of the state, will provide input on rulemaking and adopting a penalty schedule for violations.