

SB 831 A -A4 STAFF MEASURE SUMMARY

House Committee On Economic Development

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Meeting Dates: 4/24, 5/15, 5/20

WHAT THE MEASURE DOES:

Authorizes Oregon Liquor Control Commission to require that wine using an Oregon American Viticultural Area (AVA) on the label as appellation of origin or as implied source must be produced entirely from grapes grown within that AVA. Requires Commission to adopt rules identifying AVAs subject to requirement, including Willamette Valley AVA or AVAs within its boundaries. Allows Commission to grant variance until January 1, 2035, if at least 95 percent of the grapes used were grown within the AVA and grapes used but not grown in the AVA meet certain source requirements. Exempts from label requirements a wine label that bears all or part of name of AVA as brand name if brand name has been in continuous use since December 31, 1990. Applies to wine bottled on or after January 1, 2030. Requires Commission to appoint advisory committee with expertise in the production and labelling of Oregon wine to assist with rulemaking, including AVAs subject to labeling requirements, standards for request and approval of variances, standards for using existing label stocks, and a penalty schedule for violations. Sunsets advisory committee January 2, 2030. 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.

REVENUE: Has minimal revenue impact

FISCAL: Has minimal fiscal impact

ISSUES DISCUSSED:

- Engagement of winegrowers and winemakers in American Viticultural Areas (AVAs), including town halls, AVA meetings, and surveys
- AVAs as geography, not business organizations, and the process for AVA engagement and opt-in
- Oregon Liquor Control Commission authorities to set higher AVA standards
- Source requirements and the market for grapes from Southern Oregon AVAs for Willamette Valley AVA wines
- Lifecycle of investment in growing grapes

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 grapes grown in a specific geographic region. Oregon contains 19 AVAs. Five more AVAs in the Willamette Valley are pending federal approval.

Alcoholic 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 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

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percent of the grapes must be from Oregon and 95 percent from the specified AVA.

Senate Bill 831-A is one of three bills addressing wine labeling and content requirements and the Oregon Liquor Control Commission (OLCC) authorities. The measure authorizes the OLCC to require labels on wine bottled beginning on January 1, 2030 that claim or imply an AVA as the source, to be produced entirely from grapes grown within that AVA. The requirement applies to the Willamette Valley AVA and AVAs within its boundaries, and to other AVAs identified by OLCC rules after recommendations from Oregon winemaking industry associations. OLCC may grant a variance from the requirements until January 1, 2035 under certain circumstances. Brand names in continuous use since December 31, 1990 containing all or part of an AVA are exempt. OLCC will appoint an advisory committee with expertise in the production and labelling of Oregon wine to assist with rulemaking and recommendations.