

**SB 829 A STAFF MEASURE SUMMARY**

Carrier: Sen. Hass

**Senate Committee On Business and General Government****Action Date:** 04/04/19**Action:** Do pass with amendments and requesting subsequent referral to Ways and Means be rescinded. (Printed A-Eng.)**Vote:** 5-0-0-0**Yeas:** 5 - Dembrow, Girod, Hass, Olsen, Riley**Fiscal:** Has minimal fiscal impact**Revenue:** Has minimal revenue impact**Prepared By:** Tyler Larson, LPRO Analyst**Meeting Dates:** 3/21, 4/4**WHAT THE MEASURE DOES:**

Authorizes Oregon Liquor Control Commission (OLCC) to establish requirements for wine label regarding identification of American Viticultural Areas (AVAs) for wine bottled on or after January 1, 2023. Requires OLCC to adopt rules specifying AVAs for which wine labeling requirements apply. Requires Willamette Valley and nested AVAs 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, which meets specified standards. Requires OLCC to appoint advisory committee to assist in development of wine label rules, including AVAs subject to wine labeling standards, standards for the request and approval of variances, 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 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 highlighting the Willamette Valley AVA on wine labels

**EFFECT OF AMENDMENT:**

Replace measure.

**BACKGROUND:**

An American Viticultural Area (AVA) is a designated grape-growing region with boundaries defined 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.

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.

Senate Bill 829-A is one of three bills that allows OLCC to adopt new wine label requirements. The measure allows OLCC to require the label to identify both the "mother" and "nested" AVAs. Those requirements must include at least the Willamette Valley AVA and its nested AVAs. Use of an AVA in a manner that resembles a brand name is prohibited but brands and names in continuous use since December 31, 2017 are exempt. The measure requires

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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.