On page 1 of the printed bill, delete lines 4 through 21 and delete pages 2 through 4 and insert:

"SECTION 1. Section 2 of this 2019 Act is added to and made a part of ORS chapter 471.

"SECTION 2. (1) As used in this section, ‘American viticultural area’ means a delimited grape growing region approved under 27 C.F.R. part 9.

“(2) If a wine label bears the name of an American viticultural area that is located in this state and uses a single grape variety as a type designation, except as provided in subsection (4) of this section, the Oregon Liquor Control Commission may require that:

“(a) At least 95 percent of the wine, by volume, be derived from the grape variety that is used on the label as the type designation; and

“(b) The name of each grape variety used be listed on the label as provided under 27 C.F.R. part 4.

“(3) The commission shall adopt rules identifying American viticultural areas for which the labeling requirements described in subsection (2) of this section apply. The commission shall, at a minimum, adopt rules to make the labeling requirements applicable to wines bearing the name of the Willamette Valley viticultural area or of an American viticultural area wholly or partially within the Willamette Valley American viticultural area. For all other American viticultural areas, the commission shall solicit and consider recommendations by Oregon winemaking industry associations associated with an American viticultural area before determining whether to identify the area by rule under this subsection.

“(4)(a) Except as provided in this subsection, the commission may classify one or more grape varieties used as a type designation on a wine label as an exempt variety. The commission may not classify Pinot noir as an exempt grape variety. If the commission designates a grape variety as exempt, a wine that bears the exempt grape variety as a type designation is subject to the derivation requirement in paragraph (b) of this subsection. The classification of a grape variety as exempt shall apply statewide. The commission shall, at a minimum, classify the following as exempt grape varieties:

“(A) Cabernet franc;

“(B) Cabernet Sauvignon;

“(C) Carmenerse;

“(D) Durif, also referred to as Petite Sirah;

“(E) Grenache, also referred to as Garnacha;

“(F) Malbec;

“(G) Marsanne;

“(H) Merlot;
“(I) Mourvedre;
“(J) Petit Verdot;
“(K) Roussanne;
“(L) Sangiovese;
“(M) Sauvignon blanc, also referred to as Fume blanc;
“(N) Semillon;
“(O) Syrah;
“(P) Tannat;
“(Q) Tempranillo; and
“(R) Zinfandel.

“(b) If a wine label uses an exempt variety as a type designation on its label, at least 75 percent of the wine, by volume, must be derived from the exempt variety of grape as provided under 27 C.F.R. part 4. The commission shall solicit and consider recommendations by Oregon winemaking industry associations regarding whether a grape variety should be classified as an exempt variety.

“(5) Except as provided under subsections (2) to (4) of this section, if a wine label bears the name of an American viticultural area that is located in this state and uses a single grape variety as a type designation, at least 90 percent of the wine, by volume, must be derived from the grape variety used as the type designation.

“(6)(a) The commission may adopt rules allowing a variance or exemption from labeling requirements under subsection (2) of this section to allow a winemaker to make use of an existing stock of labels.

“(b) The commission may not assess a penalty for failure to list a wine variety on a label under subsection (2) of this section if the unlisted grape variety is less than one percent of the wine.

“(7) A wine label that bears all or part of the name of an American viticultural area as a brand name is not subject to subsections (2) to (5) of this section if the brand name has been in continuous use since December 31, 1990.

“SECTION 3. Section 2 of this 2019 Act applies to labels on wine bottled on or after January 1, 2023.

“SECTION 4. Section 2 of this 2019 Act is amended to read:

“Sec. 2. (1) As used in this section, ‘American viticultural area’ means a delimited grape growing region approved under 27 C.F.R. part 9.

“(2) If a wine label bears the name of an American viticultural area that is located in this state and uses a single grape variety as a type designation, except as provided in [subsection (4)] subsections (4) and (5) of this section, the Oregon Liquor Control Commission may require that the wine be made entirely from the grape variety that is used on the label as the type designation.

“[(a) At least 95 percent of the wine, by volume, be derived from the grape variety that is used on the label as the type designation; and]

“[(b) The name of each grape variety used be listed on the label as provided under 27 C.F.R. part 4.]

“(3) The commission shall adopt rules identifying American viticultural areas for which the labeling requirements described in subsection (2) of this section apply. The commission shall, at a minimum, adopt rules to make the labeling requirements applicable to wines bearing the name of the
Willamette Valley viticultural area or of an American viticultural area wholly or partially within the Willamette Valley American viticultural area. For all other American viticultural areas, the commission shall solicit and consider recommendations by Oregon winemaking industry associations associated with an American viticultural area before determining whether to identify the area by rule under this subsection.

“(4)(a) Except as provided in this subsection, the commission may classify one or more grape varieties used as a type designation on a wine label as an exempt variety. The commission may not classify Pinot noir as an exempt grape variety. If the commission designates a grape variety as exempt, a wine that bears the exempt grape variety as a type designation is subject to the derivation requirement in paragraph (b) of this subsection. The classification of a grape variety as exempt shall apply statewide. The commission shall, at a minimum, classify the following as exempt grape varieties:

“(A) Cabernet franc;
“(B) Cabernet Sauvignon;
“(C) Carmenere;
“(D) Durif, also referred to as Petite Sirah;
“(E) Grenache, also referred to as Garnacha;
“(F) Malbec;
“(G) Marsanne;
“(H) Merlot;
“(I) Mourvedre;
“(J) Petit Verdot;
“(K) Roussanne;
“(L) Sangiovese;
“(M) Sauvignon blanc, also referred to as Fume blanc;
“(N) Semillon;
“(O) Syrah;
“(P) Tannat;
“(Q) Tempranillo; and
“(R) Zinfandel.

“(b) If a wine label uses an exempt variety as a type designation on its label, at least 75 percent of the wine, by volume, must be derived from the exempt variety of grape as provided under 27 C.F.R. part 4. The commission shall solicit and consider recommendations by Oregon winemaking industry associations regarding whether a grape variety should be classified as an exempt variety.

“(5) Except as provided in this subsection, the commission may classify one or more grape varieties used as a type designation on a wine label as a nonexclusive grape variety. The commission may not classify Pinot noir grapes as a nonexclusive variety. The commission shall, at a minimum, classify Pinot gris as a nonexclusive grape variety. The classification of a grape variety as nonexclusive shall apply statewide. If the commission designates a wine grape variety as a nonexclusive grape variety, at least 95 percent of the wine, by volume, must be derived from the nonexclusive grape variety as provided under 27 C.F.R. part 4. The percentage and name of each grape variety used must be listed on the label as provided under 27 C.F.R. part 4. The commission shall solicit and consider recommendations by Oregon winemaking industry associations regarding whether a grape variety should be classified as a nonexclusive variety.
“[(5)] (6) Except as provided under subsections (2) to [(4)] (5) of this section, if a wine label bears the name of an American viticultural area that is located in this state and uses a single grape variety as a type designation, at least 90 percent of the wine, by volume, must be derived from the grape variety used as the type designation.

“[(6)(a)] (7)(a) The commission may adopt rules allowing a variance or exemption from labeling requirements under subsection (2) of this section to allow a winemaker to make use of an existing stock of labels.

“[(b) The commission may not assess a penalty for failure to list a wine variety on a label under subsection (2) of this section if the unlisted grape variety is less than one percent of the wine.]”

“(b) The commission may not assess a civil penalty for a violation of subsection (2) of this section if the violation results from the presence of rogue vines in a vineyard and less than one percent of the wine produced from grapes grown in that vineyard is from the grape variety other than the variety used as the type designation.

“[(7)] (8) A wine label that bears all or part of the name of an American viticultural area as a brand name is not subject to subsections (2) to [(5)] (6) of this section if the brand name has been in continuous use since December 31, 1990.

“SECTION 5. The amendments to section 2 of this 2019 Act by section 4 of this 2019 Act become operative January 1, 2030, and apply to labels on wine bottled on or after that date.

“SECTION 6. (1) The Oregon Liquor Control Commission shall appoint an advisory committee to assist the commission in developing rules to carry out section 2 of this 2019 Act. The commission shall ensure that members of the advisory committee are persons having expertise in the production and labeling of Oregon wines. To the extent practicable, the commission shall appoint advisory committee members from the various wine growing areas of this state in proportion to the relative acreage in those areas used for wine grape production. In making appointments to the advisory committee, the commission shall consider nominees of Oregon winemaking industry associations or other organizations related to the winemaking industry.

“(2) The duties of the advisory committee shall include, at a minimum, developing recommendations to the commission regarding:

“(a) Standards for a winery to request, and for the commission to approve, the use of existing stocks of labels;

“(b) Subject to subsection (3) of this section, American viticultural areas for which the label requirements of section 2 (2) of this 2019 Act should apply, including but not limited to recommendations regarding any American viticultural areas that extend across state lines;

“(c) Which grape varieties should receive classification under section 2 of this 2019 Act as exempt varieties;

“(d) Which grape varieties should, when the classification becomes available, receive classification under section 2 of this 2019 Act as nonexclusive varieties; and

“(e) A penalty schedule for violations of section 2 of this 2019 Act.

“(3) The advisory committee shall solicit and consider recommendations by Oregon winemaking industry associations associated with an American viticultural area before the advisory committee may recommend to the commission that an area be subject to the labeling requirements described in section 2 (2) of this 2019 Act.

“SECTION 7. The Oregon Liquor Control Commission shall adopt rules establishing a penalty schedule for violations of section 2 of this 2019 Act. The commission shall complete
the adoption of an initial penalty schedule under this section in time for the penalties to take effect January 1, 2023.

"SECTION 8. The Oregon Liquor Control Commission shall report to an interim committee of the Legislative Assembly relating to business in the manner provided under ORS 192.245 no later than September 15, 2020, regarding the recommendations made by the advisory committee described in section 6 of this 2019 Act and the status of commission rule adoption proceedings under sections 2 and 7 of this 2019 Act.


"SECTION 10. Section 7 of this 2019 Act is repealed on January 2, 2024. The repeal of section 7 of this 2019 Act by this section does not affect the validity of any rules adopted under section 7 of this 2019 Act.

"SECTION 11. This 2019 Act takes effect on the 91st day after the date on which the 2019 regular session of the Eightieth Legislative Assembly adjourns sine die.".