

HB 3448 STAFF MEASURE SUMMARY

House Committee On Rules

Action Date: 06/20/19

Action: Do pass. Refer to Ways and Means.

Vote: 6-1-0-0

Yeas: 6 - Boles, Holvey, Nosse, Smith Warner, Sprenger, Williamson

Nays: 1 - Wilson

Fiscal: Fiscal impact issued

Revenue: Has minimal revenue impact

Prepared By: Josh Nasbe, Counsel

Meeting Dates: 6/17, 6/20

WHAT THE MEASURE DOES:

Authorizes Oregon Liquor Control Commission (OLCC) to adopt minimum content and label requirements for wine bottled on or after January 1, 2023, if wine label includes certain American viticultural area (AVA) in Oregon and designates a single grape variety type. Requires OLCC to adopt rules identifying AVAs and grape varieties for which labeling requirements apply. Specifies that Willamette Valley AVA or AVAs within its boundaries are subject to the requirements. Allows OLCC to classify one or more grape varieties used as a type designation on a wine label as an exempt variety subject to different content standards and establishes 18 grape varieties as exempt. Revises content and label requirements for wine bottled on or after January 1, 2030 to require wine labeled with an Oregon AVA and a single grape variety to be made entirely from the grape variety used on the label with certain exceptions for exempt varieties and nonexclusive grape varieties. Allows OLCC to classify one or more grape varieties as a nonexclusive grape variety and makes Pinot gris a nonexclusive grape variety. Prohibits Pinot noir from being an exempt or nonexclusive grape variety. Allows OLCC to require a wine labeled with an Oregon AVA to be made entirely from grapes grown within that AVA as of January 1, 2035. Requires OLCC to appoint advisory committee with expertise in the production and labeling of Oregon wines and consisting of members from certain AVAs to assist with rulemaking, including AVAs subject to wine labeling requirements, standards for requests to use existing label stocks, grape varieties to be classified as exempt or nonexclusive, and a penalty schedule for violations. Sunsets advisory committee January 2, 2023. Repeals rule adoption requirement January 2, 2024. Requires OLCC to adopt rules establishing 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:

- American Viticultural Areas
- Oregon's wine industry
- Blended wines
- Marketing and sales contracts
- OLCC Advisory Committee; membership

EFFECT OF AMENDMENT:

No amendment.

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

This summary has not been adopted or officially endorsed by action of the committee.

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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 grapes used to make wine to be of the named variety. TTB standards also 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.

Oregon regulations require 95 percent or more of the wine to be from the named variety, and 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.

Wine labeling and the content requirements for wine produced in Oregon will change under House Bill 3448. The OLCC may require a single grape variety wine labeled with the Willamette Valley AVA or another designated Oregon AVA to contain at least 95 percent of the grape variety used on the label as of January 1, 2023 and increase to 100 percent on January 1, 2030. Wines made from exempt varieties classified by the OLCC must be made from at least 75 percent, by volume, of the exempt variety. Wines from AVAs not designated by the OLCC and bearing the name of a single grape variety must be made from at least 90 percent from the grape variety listed. Starting on January 1, 2030, the OLCC may also designate one or more grape varieties as a nonexclusive grape variety with a content standard of 95 percent from the nonexclusive grape variety. The measure also allows the OLCC to require a wine labeled with an Oregon AVA to be made entirely from grapes grown within that AVA as of January 1, 2035.