

Willamette Valley Wineries Association
Overview of Wine Labeling and Content Initiatives
January 9th 2019

DRAFT 1/7/19

Enhanced Wine Labeling and Content Strategy

In support of our mission to promote, enhance and protect the prestige of Willamette Valley wines, the Willamette Valley Wineries Association (WVWA) is advocating to strengthen Oregon wine labeling and content standards. The initial objective of this initiative was to “protect the character” of Willamette Valley Pinot noir. WVWA members and members of the Oregon wine industry suggested that the objective should be expanded to include most wine varieties and provide options for all Oregon American Viticultural Areas (AVA) to participate. While we retain the objective of protecting the character of AVA wines, our strategy is to promote distinction through transparent labeling, while building trust with a new generation of wine consumers through authenticity.

Oregon legislative statutes will provide a foundation for enhanced wine labeling and content rules, which will be implemented through an OLCC administrative process. Three Bills will provide the framework for the new regulations: 1) Conjunctive Labeling, 2) Exclusive Grape Sourcing and 3) Grape Variety Content. The WVWA is working with Oregon Legislative Counsel to finalize drafts of the three Bills that will be submitted to the 2019 Oregon Legislative Assembly in late January. The WVWA is also working on a legislative strategy that includes obtaining support and co-sponsors for the Bills with leaders in the Oregon legislature.

WVWA Membership Survey

An Update on WVWA Legislative Initiatives was sent to our members on December 14th 2018. That update included a request to participate in a survey via a Survey Monkey link. We received responses from approximately one hundred fifty (150) member companies (60% of our membership) and twenty-five non-member companies. Respondents that were not “uncertain” on specific questions indicated the following:

- Approximately 90% were in favor of Exclusive Grape Sourcing and 85% were in favor of strengthening Grape Variety Content rules.
- The vast majority was in favor of the “95%-5%” grape variety content concept.
- A significant majority liked the concept of transitioning most wines to 100% grape variety content in seven years.

WVWA Board Considerations

The WVWA Board has received reports and discussed the legislative initiatives at its monthly meetings over the past ten months. Many Board members have attended the three Town Hall meetings that have been held to receive feedback on the initiatives. Email comments submitted to the WVWA have been compiled and provide to WVWA Board members for their consideration. Most Board members have received direct feedback from wine industry participants regarding these initiatives.

The WVWA Board has approved the submission of three draft Bills to the 2019 Oregon Legislative Assembly. The current drafts of the Conjunctive Labeling and Exclusive Grape Sourcing Bills propose that those initiatives be implemented in the year 2023. The current draft of the Grape Variety Content Bill proposes a gradual transition to stronger requirements over a ten-year time frame. The following is a summary of the Bills.

Synopsis of Draft Legislative Bills

Conjunctive Labeling (LC 1689) – Key Requirements (Draft 1/7/19)

If the appellation of origin on a wine label is an AVA that is within the boundaries of a larger AVA, the wine label must also identify the larger AVA.

Applicable to wines labeled after 1/1/2023.

The OLCC may create labeling rules that apply to a specific AVA.

Exclusive Grape Sourcing (LC 1693)- Key Requirements (Draft 1/7/19)

If a wine label uses an AVA as an appellation of origin, or implies that the wine is from a particular AVA, the wine must be produced entirely from grapes grown within that AVA.

Applicable to wines labeled after 1/1/2023.

Grape Variety Content (LC1691) – Key Requirements (Draft 1/7/19)

January 1, 2023: “95%-5%” content becomes effective for most wines

Key Requirements: If a wine label bears or implies the name of an AVA and uses a single grape variety as the type designation, excluding “exempt” grape varieties:

- (a) At least 95% of the grapes used in the wine shall be of that grape variety, and
- (b) The names and percentage of all grape varieties used must be on the label.

Exceptions from Key Requirements:

- (a) The OLCC shall identify and maintain a list of “exempt” grape varieties (e.g. the eighteen “warm climate” varieties) that may be used as a single grape variety type designation without the wine being subject to the Key Requirements; and
- (b) At least 75% of a wine labeled with “exempt” grape varieties as the single variety type designation shall contain that grape variety.

January 1, 2030: “Exclusive” content becomes effective for many wines

Key Requirement: If a wine label bears or implies the name of an AVA and uses a single grape variety as the type designation, excluding “exempt” and “non-exclusive” grape varieties, all grapes used in the wine must be of that grape variety.

Exceptions from Key Requirements:

In addition to the exclusions listed above:

- (d) The OLCC shall identify and maintain a list of “non-exclusive” grape varieties that may be used as a single variety type designation without the wine being subject to the Key Requirements; and
- (e) At least 95% of a wine labeled with a “non-exclusive” grape variety as the single variety type designation shall contain that grape variety, and the names and percentage of all grape varieties used must be on the label.

(d) A wine labeled with Pinot noir as the single variety type designation shall be produced exclusively from the Pinot noir grape variety.

General Requirements (Draft 1/7/19) - All three Bills require the following:

- The OLCC shall appoint an advisory committee to assist the commission in developing rules to carry out the key provisions of the Bills. The members of the committee shall be persons having expertise in the production and labeling of Oregon wines.
- The advisory committee shall develop recommendations on the following:
 - Identification of AVAs for which the rules do not apply.
 - Identification of “exempt” and “non-exclusive” grape varieties.
 - Standards for a winery to request, and the commission to approve, variances and exceptions to resolve situations involving inadvertent noncompliance.
 - A penalty schedule for violations.
- The OLCC may, by rule, from time to time identify AVAs that are subject to or excluded from the Key Requirements of any of the three Bills.
- The OLCC may, by rule, from time to time revise its list of “exempt” and “non-exclusive” grape varieties used to produce wines that are not subject to the Key Requirements.
- The OLCC may, by rule, allow a variance or temporary exemption from the Key Requirements to address inadvertent noncompliance.
- The OLCC shall ensure that no penalty be assessed for violations caused by an inadvertent production error, or for violations caused by the presence of rogue vines, where less than 1% of the wine is derived from grapes other than the stated type designation.
- The OLCC shall adopt rules regarding a penalty schedule for violations.
- The OLCC shall report back to an interim legislative committee by 9/15/2020.
- The statute will be effective 91 days after the 2019 Legislative Assembly adjourns.

Next Steps:

- The three draft Bills will be introduced and further refined during the 2019 Oregon Legislative Assembly.
- The WVWA will continue to work with wine industry members in efforts to refine the three Bills as we receive feedback in the legislative process.
- The Bills could become statutes in the summer of 2019. The OLCC may establish RAC(s) in late 2019 or early 2020 and begin rulemaking processes to codify regulations that define the standards required for implementing the Bills.
- The WVWA would like its members to reach out to their legislative representatives requesting support for the three Wine Labeling and Content Bills.

How do I comment or request additional information?

You are encouraged to submit comments, questions, or request additional information regarding these initiatives to townhall@willamettewines.com.

Contact your Oregon Legislative Representatives

Please contact your Oregon legislative representatives by phone call, letter or email and request that they support the WVWA’s Wine Labeling and Content legislative initiatives. Visit <https://www.oregonlegislature.gov/findyourlegislator/leg-districts.html> for information detailing Oregon legislative representatives.

Appendix

WVWA Wine Labeling and Content Initiatives

Rationale, Genesis and Development

Rationale: The Willamette Valley’s Character and Distinctive Relational Assets

Over the past fifty years Willamette Valley winegrowers and winemakers have successfully made Oregon’s Willamette Valley synonymous with world class Pinot noir—one of a few places in the world where an appellation evokes a wine variety. The Willamette Valley’s unique climate, soils, geography, and exacting approaches to winegrowing have created a world-renowned style of Pinot noir. Pinot noir is the earmark and heritage of the Willamette Valley wine industry, however other varieties will enhance the future reputation of the Willamette Valley.

Willamette Valley winegrowers have collaborated to determine the rootstocks, clones, farming methods, and winemaking techniques that best compliment wines made from Willamette Valley grapes. These numerous factors harmonize to produce a style and structure—a character—of wine that is unique to the Willamette Valley. As demonstrated at the Willamette Valley’s International Pinot Noir Celebration and Oregon Pinot Camp, minor blending additions can have a dramatic impact on the character of a wine.

Together the terroir, winegrowing practices, and the character of Willamette Valley wines are “distinctive relational assets” that create significant economic value for its wineries and vineyards. That value is reflected in premium pricing and superior sales growth rates of Willamette Valley wines. The economic value of these assets for Willamette Valley wineries and vineyards can be protected and enhanced by strengthening wine labeling and content standards via Oregon statutes and OLCC regulations.

Genesis of Conjunctive Labeling and Exclusive Wine Content

In the summer of 2017 the founders of the Willamette Valley AVA and its “nested” AVAs began discussing options for protecting and enhancing the character of Willamette Valley wines and the reputation of the Willamette Valley AVA. National and international wine companies were investigating, purchasing large amounts of fruit, and investing in the Willamette Valley. They were interested in leveraging the unique qualities and prestige of the Willamette Valley to expand their wine brands.

In most cases new entrants to the Willamette Valley wine industry have been working to complement and enhance the reputation of Willamette Valley wines. However there is the potential that the Willamette Valley’s reputation could be exploited and degraded. The

leadership of the Willamette Valley wine industry recognized that we must increase our efforts to promote and protect the Willamette Valley AVA and the character of its wines. The initiatives on Wine Labeling and Content had their genesis in those discussions.

Development through Collaboration with Winegrowers:

Fall of 2017 to Spring of 2018: Members of the WVWA solicited feedback on the general concepts of Conjunctive Labeling and Exclusive Wine Content from winemakers and winegrowers throughout the Willamette Valley. Groups surveyed included the Oregon Wine Industry Symposium, WVWA Annual Meeting, Chehalem Mountains Winegrowers Association, Dundee Hills Winegrowers Association, Eola-Amity Hill Winegrowers Association, McMinnville Foothills Winegrowers Association, Ribbon Ridge Winegrowers Association, Yamhill-Carlton Winegrowers Association and Southern Willamette Valley Winegrowers Association.

May 2018: The WVWA established an Ad hoc Committee to develop detailed concepts and strategies for implementing Conjunctive Labeling and Exclusive Wine Content. Feedback from the Willamette Valley wine industry and advice from legal and legislative counsel was utilized to develop a framework of the concepts that could be used to initiate Oregon legislative statutes and/or OLCC regulations.

June to August of 2018: A draft legislative/regulatory framework for Conjunctive Labeling and Exclusive Wine Content was reviewed with winegrowers throughout the Oregon wine industry. Forums for those reviews included Town Hall meetings and meetings with representatives from the Oregon Winegrowers Association, Rogue Valley Winegrowers Association, Umpqua Valley Winegrowers Association, Columbia Gorge Winegrowers Association, and Southern Oregon Winery Association.

September to November of 2018: Feedback from Willamette Valley winegrowers identified a broader set of objectives for the Wine Labeling and Content initiatives. In addition to protecting the character of Willamette Valley Pinot noir, WVWA members suggested the initiatives should include the differentiation of Willamette Valley wines through transparent labeling and building trust with new consumers through authenticity. The scope of the initiatives was expanded to include all Willamette Valley appellation wines labeled with a single variety. All applicable wines shall be made from at least 95% of the single variety, and any other variety used in the wine shall be listed on the label. For some or most varieties the content requirement will be 100% after a seven-year phase-in period. Initial drafts of Legislative Concepts were submitted to Oregon Legislative Counsel.

December of 2018: The WVWA engaged in further discussions with Oregon winegrower associations outside of the Willamette Valley. Based on feedback from those meetings the draft Legislative Concepts were expanded to allow any AVA in Oregon to participate in or be excluded from the potential statutes and regulations.

Initial Implementation:

November and December of 2018:

The WVWA began discussions with the OLCC and Oregon legislative leaders to guide the development of Legislative Concepts for Conjunctive Labeling, Exclusive Grape Sourcing and Grape Variety Content. The WVWA began working with Oregon Legislative Counsel to draft legislative language that was consistent with the Legislative Concepts. The WVWA began meetings with Oregon senators and representatives to seek co-sponsors for the Bills in the 2019 Legislative Assembly.