

A-Engrossed
Senate Bill 831

Ordered by the Senate April 12
Including Senate Amendments dated April 12

Sponsored by Senator HASS, Representatives NOBLE, WILLIAMSON; Senators BEYER, BOQUIST, BURDICK, DEMBROW, FAGAN, FREDERICK, GIROD, MANNING JR, MONNES ANDERSON, OLSEN, RILEY, STEINER HAYWARD, THATCHER, WAGNER, Representatives BARKER, BOLES, BOSHART DAVIS, BYNUM, CLEM, DOHERTY, DRAZAN, EVANS, GOMBERG, GORSEK, HELM, HERNANDEZ, HOLVEY, LIVELY, MCLAIN, MEEK, NEARMAN, NOSSE, PILUSO, POST, POWER, REARDON, SALINAS, SCHOUTEN, SOLLMAN, SPRENGER, WILDE, WITT

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires that, **to extent provided in Oregon Liquor Control Commission rules**, wine using American viticultural area in this state as appellation of origin or implying American viticultural area as source be produced entirely from grapes grown in that American viticultural area. **Creates exception.** Authorizes [*Oregon Liquor Control*] commission to grant variance or temporary exemption for specified cause [*and to exempt American viticultural areas from requirement*]. Applies to wine labeled on or after January 1, [2023] **2030. Eliminates most variance authority for wines bottled on or after January 1, 2035.**

Requires commission to appoint advisory committee. Sunsets advisory committee January 2, [2023] **2030.**

Requires commission to adopt rules establishing penalty schedule for labeling requirement. Requires adoption of initial rules in time to take effect January 1, [2023] **2030.** Repeals rule adoption requirement January 2, [2023] **2030.**

Requires commission to report to interim committee of Legislative Assembly no later than September 15, 2020, regarding advisory committee recommendations and status of commission rule adoption proceedings.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to wine labeling; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

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) Except as provided in subsections (4) to (6) of this section, if a wine label uses an American viticultural area located in this state as an appellation of origin or implies that the wine is from a particular American viticultural area located in this state, the Oregon Liquor Control Commission may require that the wine be produced entirely from grapes grown within that American viticultural area.

(3) The commission shall adopt rules identifying American viticultural areas for which the labeling requirement in subsection (2) of this section apply. The commission shall, at a minimum, adopt rules to make the labeling requirement in subsection (2) of this section applicable to the Willamette Valley American viticultural area and to American viticultural areas within the boundaries of the Willamette Valley American viticultural area. For all other American viticultural areas, the commission shall solicit and consider recommen-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **datations by Oregon winemaking industry associations associated with an American**
2 **viticultural area before determining whether to include the area by rule under this sub-**
3 **section.**

4 **(4) The commission may grant a variance from the labeling requirement in subsection (2)**
5 **of this section to a wine that uses an American viticultural area identified by commission**
6 **rules under subsection (3) of this section as an appellation of origin or implies that the wine**
7 **is from a particular American viticultural area located in this state if:**

8 **(a) At least 95 percent of the grapes used to produce the wine were grown within the**
9 **American viticultural area; and**

10 **(b) All grapes used to produce the wine and not grown within the American viticultural**
11 **area were purchased from a vineyard that supplies proof acceptable to the commission that:**

12 **(A) Prior to December 31, 2018, the vineyard engaged in selling grapes to the winery for**
13 **use in producing the wine; and**

14 **(B) The amount of grapes the vineyard is selling to the winery for use in producing the**
15 **wine does not exceed the average annual amount sold to the winery during the three years**
16 **ending December 31, 2018.**

17 **(5) A wine label that bears all or part of the name of an American viticultural area as a**
18 **brand name is not subject to subsections (2) to (4) of this section if the brand name has been**
19 **in continuous use since December 31, 1990.**

20 **(6) The commission may adopt rules allowing a variance or exemption from the labeling**
21 **requirement in subsection (2) of this section to allow a winemaker to make use of an existing**
22 **stock of labels.**

23 **SECTION 3. Section 2 of this 2019 Act applies to labels on wine bottled on or after Jan-**
24 **uary 1, 2030.**

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

26 **Sec. 2.** (1) As used in this section, “American viticultural area” means a delimited grape grow-
27 ing region approved under 27 C.F.R. part 9.

28 (2) Except as provided in subsections (4) [to (6)] **and (5)** of this section, if a wine label uses an
29 American viticultural area located in this state as an appellation of origin or implies that the wine
30 is from a particular American viticultural area located in this state, the Oregon Liquor Control
31 Commission may require that the wine be produced entirely from grapes grown within that Ameri-
32 can viticultural area.

33 (3) The commission shall adopt rules identifying American viticultural areas for which the la-
34 beling requirement in subsection (2) of this section apply. The commission shall, at a minimum, adopt
35 rules to make the labeling requirement in subsection (2) of this section applicable to the Willamette
36 Valley American viticultural area and to American viticultural areas within the boundaries of the
37 Willamette Valley American viticultural area. For all other American viticultural areas, the com-
38 mission shall solicit and consider recommendations by Oregon winemaking industry associations
39 associated with an American viticultural area before determining whether to include the area by
40 rule under this subsection.

41 *[(4) The commission may grant a variance from the labeling requirement in subsection (2) of this*
42 *section to a wine that uses an American viticultural area identified by commission rules under sub-*
43 *section (3) of this section as an appellation of origin or implies that the wine is from a particular*
44 *American viticultural area located in this state if:]*

45 *[(a) At least 95 percent of the grapes used to produce the wine were grown within the American*

1 *viticultural area; and]*

2 *[(b) All grapes used to produce the wine and not grown within the American viticultural area were*
3 *purchased from a vineyard that supplies proof acceptable to the commission that:]*

4 *[(A) Prior to December 31, 2018, the vineyard engaged in selling grapes to the winery for use in*
5 *producing the wine; and]*

6 *[(B) The amount of grapes the vineyard is selling to the winery for use in producing the wine does*
7 *not exceed the average annual amount sold to the winery during the three years ending December 31,*
8 *2018.]*

9 [(5)] (4) A wine label that bears all or part of the name of an American viticultural area as a
10 brand name is not subject to subsections (2) [to (4)] **and** (3) of this section if the brand name has
11 been in continuous use since December 31, 1990.

12 [(6)] (5) The commission may adopt rules allowing a variance or exemption from the labeling
13 requirement in subsection (2) of this section to allow a winemaker to make use of an existing stock
14 of labels.

15 **SECTION 5. The amendments to section 2 of this 2019 Act by section 4 of this 2019 Act**
16 **become operative January 1, 2035, and apply to labels on wine bottled on or after January 1,**
17 **2035.**

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

27 **(2) The duties of the advisory committee may include making recommendations regarding**
28 **the labeling of wine and shall include, at a minimum, developing recommendations to the**
29 **commission regarding:**

30 **(a) Subject to subsection (3) of this section, American viticultural areas for which the**
31 **labeling requirement in section 2 (2) of this 2019 Act should apply, including but not limited**
32 **to recommendations regarding any American viticultural area in this state that extends**
33 **across state lines;**

34 **(b) Standards for a winery to request, and for the commission to approve, variances un-**
35 **der section 2 (4) of this 2019 Act;**

36 **(c) Standards for allowing the use of existing stocks of labels; and**

37 **(d) A penalty schedule for violations of section 2 of this 2019 Act.**

38 **(3) The advisory committee shall solicit and consider recommendations by Oregon**
39 **winemaking industry associations associated with an American viticultural area before the**
40 **advisory committee may recommend to the commission that the area be subject to the la-**
41 **beling requirement in section 2 (2) of this 2019 Act.**

42 **SECTION 7. The Oregon Liquor Control Commission shall adopt rules establishing a**
43 **penalty schedule for violations of section 2 of this 2019 Act. The commission shall complete**
44 **the adoption of an initial penalty schedule under this section in time for the penalties to take**
45 **effect January 1, 2030.**

1 **SECTION 8.** The Oregon Liquor Control Commission shall report to an interim commit-
2 tee of the Legislative Assembly relating to business in the manner provided under ORS
3 192.245 no later than September 15, 2020, regarding the recommendations made by the advi-
4 sory committee described in section 6 of this 2019 Act and the status of commission rule
5 adoption proceedings under sections 2 and 7 of this 2019 Act.

6 **SECTION 9.** Section 6 of this 2019 Act is repealed on January 2, 2030.

7 **SECTION 10.** Section 7 of this 2019 Act is repealed on January 2, 2030. The repeal of
8 section 7 of this 2019 Act by this section does not affect the validity of any rules adopted
9 under section 7 of this 2019 Act.

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

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