

BILL ANALYSIS

Senate Research Center
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S.B. 1402
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1402 strengthens labeling standards for Texas grown wines. Texas is the fourth-largest wine producing state in the United States, following California, Oregon, and Washington. Furthermore, Texas ranks third in wine consumption as a state, even though less than five percent of the wine consumed in Texas is grown in the state. Unlike the other major wine growing regions in the United States, Texas does not have laws governing the use of appellation on a label above the federal minimum. S.B. 1402 proposes to require all grapes in a wine with an American Viticultural Area (AVA) appellation, county appellation, or vineyard designation to be grown in Texas.

An AVA is a delineated grape-growing region with specific geographic or climatic features that distinguish it from the surrounding regions and affect how grapes grow there. AVAs are established by the federal Tax and Trade Bureau (TTB). Using an AVA or county designation on a wine label allows wineries to more accurately protect and market the origin of their wines and educates consumers about the place their wine comes from. There are currently eight AVAs in Texas. Individuals or groups can petition the TTB to establish a new AVA or to modify the boundaries of an existing AVA.

S.B. 1402 ensures that winemakers are using 100 percent Texas grown grapes if they elect to place an AVA, county, or vineyard designation on a label. Some winemakers may elect to use a county appellation or a vineyard designation instead of an AVA, especially if they are using vineyards in a county or vineyard that is not designated within an AVA.

S.B. 1402 does not prohibit winemakers from importing out-of-state grapes. However, those wines will not be able to use an AVA or county designation on their label. Those wines will still have to follow TTB minimums to use Texas as an appellation, which is currently a 75 percent Texas grape minimum.

More stringent standards surrounding the appellation of Texas wines will strengthen the image, integrity, and pricing power of Texas as a formidable winemaking region, allowing the state to command a greater share of the overall wine consumer market not only in Texas, but worldwide.

S.B. 1402 follows the TTB minimum standard for an AVA, county, or vineyard appellation. The current standard is for 85 percent of grapes to be grown within an AVA or county to use that appellation, and for 95 percent of grapes to be grown within a vineyard to use the vineyard appellation on a label. It strengthens the current labeling standard by requiring that the remaining grapes come from state of Texas. Therefore, if a wine is labeled with an AVA, county, or vineyard appellation, consumers can be guaranteed that 100 percent of the wine is from Texas.

As proposed, S.B. 1402 amends current law relating to the labeling of wine as originating from an area of this state.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 101, Alcoholic Beverage Code, by adding Section 101.673, as follows:

Sec. 101.673. USE OF TEXAS APPELLATION OF ORIGIN: AMERICAN VITICULTURAL AREA OR COUNTY. (a) Defines "American viticultural area."

(b) Authorizes a wine that is otherwise entitled under federal law to an appellation of origin indicating the wine's origin is an American viticultural area or county located in Texas to use that appellation only if the wine is 100 percent by volume fermented juice of grapes or other fruit grown in Texas; is not less than 90 percent by volume fermented juice of grapes grown within the boundaries of the labeled American viticultural area or county; and is fully produced in Texas.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2021.