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California Lawmakers Pull Wine Labeling Bill Before Senate Hearing

Supporters said the measure would have required 100% U.S.-grown grapes in wines labeled “American” and aided struggling growers facing imports.

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A California bill that would have tightened labeling rules for wines sold as “American” or “United States” was pulled just before a state Senate hearing, halting an effort that supporters said could help struggling grape growers by limiting the use of imported wine in bottles marketed under broad U.S. labels.

The measure, Assembly Bill 1585, would have required any wine produced, bottled or sold in California and labeled as “American” or from the “United States” to be made with 100% U.S.-grown grapes. Under current rules, wines carrying those labels can include up to 25% imported wine. Wines labeled “California” already face a stricter sourcing standard.

The bill had moved through the California Assembly in May on a 67-0 vote. But its authors, Assembly Members Rhodesia Ransom, a Democrat from Tracy, and Damon Connolly, a Democrat from San Rafael, withdrew it ahead of a Senate committee hearing after concluding it no longer had enough support to pass.

Ransom told the San Francisco Chronicle that support appeared solid until the days before the hearing, when senators began changing their positions. Natalie Collins, president of the California Association of Winegrape Growers, which co-sponsored the bill, said politics played a central role in its collapse.

Supporters presented AB 1585 as a truth-in-labeling measure that would give consumers clearer information about where the grapes in a wine came from. But they also saw it as a way to push large wine companies to buy more domestic grapes at a time when many California growers are under severe pressure from weak demand and oversupply.

That pressure has been acute in recent years. Collins said that last year growers left more than 400,000 tons of grapes unpicked and removed more than 40,000 acres of vines, while bulk wine imports rose 19% to 45 million gallons. Many growers argue that lower-cost imported wine has worsened the market imbalance. In 2022, according to the Chronicle’s report, bulk wine from Australia and Chile cost about half as much as bulk wine from California.

Another factor cited by growers is the federal duty drawback program administered by U.S. Customs and Border Protection. The program allows wineries to recover up to 99% of duties, taxes and fees paid on imported wine if they export an equivalent amount of domestic wine. Critics say that makes imported bulk wine especially attractive for large producers looking to cut costs.

The bill's most influential opponent was the Wine Institute, a trade group that represents about 1,000 wineries and related businesses in California. The organization argued that AB 1585 would have created unintended consequences for consumers and producers.

Tim Schmelzer, the Wine Institute's vice president of California state relations, said that if wineries continued importing wine and gave up the "American" or "United States" designation to comply with federal rules, they could also lose the ability to list varietal or vintage information on labels. In that case, he said, bottles might carry only a producer name and a generic description such as "red blend."

Schmelzer said that outcome would leave buyers with less useful information than they have now. He argued that varietal and vintage matter far more to consumers than whether a bottle qualifies for an American appellation. He also said wineries need flexibility to source wine abroad when domestic harvests are uneven or damaged by weather and when producers are trying to respond to shifts in consumer demand.

The Wine Institute further argued that other geographic designations do not require complete sourcing from the named place. A Napa Valley wine, for example, can include up to 15% grapes grown outside Napa Valley. Schmelzer said the group understands growers are suffering but does not agree that imports are a major cause of the grape glut. In his view, the deeper problem is falling demand for wine.

The turning point appears to have come on June 19, four days before the Senate hearing, when committee chair Sen. Susan Rubio, a Democrat from Baldwin Park, circulated a 14-page summary of the bill to Senate members. According to the Chronicle, the document said AB 1585 could displace workers, hurt bottling operations and expose California to significant constitutional risk.

Backers of the measure sharply criticized that summary. Collins said it read like an opposition document. Stuart Spencer, executive director of the Lodi Winegrape Commission, called it biased and said it echoed arguments made by the Wine Institute.

Lobbying around the bill was extensive. State disclosure records reviewed by the Chronicle showed that several major industry players hired lobbyists on matters related to AB 1585, including Gallo, The Wine Group, Delicato and Constellation, along with wholesalers and distributors such as Wine & Spirits Wholesalers of California, Southern Glazer's and Breakthru Beverage. The records did not specify each company's position on the bill. But Rubio's summary listed The Wine Group, Wine & Spirits Wholesalers and the Wine Institute among opponents.

The Chronicle also reported that campaign finance records showed Gallo donated $5,900, the maximum allowed contribution, to Rubio three days after AB 1585 passed the Assembly. Gallo did not respond to the newspaper's request for comment.

For California's beverage sector, the fight goes beyond one label category. The dispute touches core questions about how much imported bulk wine can be blended into bottles sold in the United States, how transparent labels should be for consumers and how pricing pressure moves through the market from large producers to vineyards. Any future change in those rules could affect sourcing decisions, grape demand and competition across lower-priced wine segments.

Ransom said she was frustrated that larger companies worked to stop the bill rather than negotiate changes. She told the Chronicle that opponents did not offer amendments that could have preserved part of its intent while addressing industry concerns. Schmelzer said opponents did not propose amendments because they could not find an approach they believed would work.

Despite its withdrawal this year, supporters say they plan to try again. Ransom said she, Connolly and the sponsoring groups remain committed to bringing back the issue next year as California's wine industry continues to wrestle with falling consumption, excess supply and growing tension between grape growers and major producers over imports and labeling rules.