

## Senate Joint Resolution No. 22

### RESOLUTION CHAPTER 9

Senate Joint Resolution No. 22—Relative to the wine industry.

[Filed with Secretary of State March 7, 2008.]

#### LEGISLATIVE COUNSEL'S DIGEST

SJR 22, Wiggins. California's wine industry.

This measure would request the United States Department of the Treasury's Alcohol and Tobacco Tax and Trade Bureau to withdraw the Notices of Proposed Rulemaking Number 77, relating to a Proposed Establishment of the Calistoga Viticultural Area, and Number 78, relating to a Proposed Revision of the American Viticultural Area Regulations, because they pose a threat to the state and national wine industry's ability to fairly trade domestically and internationally.

WHEREAS, California is the fourth largest wine producing region in the world, after France, Italy, and Spain; and

WHEREAS, The California wine industry has an annual impact of \$58.1 billion on the state's economy and produces the number one finished agricultural product in the state; and

WHEREAS, The California wine industry creates more than 300,000 jobs, billions of dollars in economic impact, and preserves agricultural land and family farms; and

WHEREAS, The California wine industry generates higher taxes than most industries because, as a regulated industry, it pays excise taxes to state and federal governments on every bottle of wine; and

WHEREAS, The economic impact of the California wine industry on the national economy is \$125.3 billion annually; and

WHEREAS, Winery tourism is very popular and contributes significantly to the rural economy, as many state tourism departments feature their wineries as major tourist attractions and create tourism expenditures of some \$2 billion annually; and

WHEREAS, The California wine industry is a leader in the stewardship of natural resources and the environment, the preservation of agricultural land and open space, and the overall enhancement of Californians' lifestyles; and

WHEREAS, Wineries, by and large, are located in rural areas, near the source of the winegrapes, and the combination of vineyards and wineries provides a stable, year-round, and flexible base of rural employment; and

WHEREAS, Wineries and winegrape growers have made a major commitment to implement sustainable practices that are environmentally sound, economically viable, and socially responsible; and

WHEREAS, Despite the challenges of intense global competition, trade barriers, agricultural pests, and the constant threat of increased taxes and regulations, the state's wine industry is strong and is a major contributor to the economic vitality of California; and

WHEREAS, The duty of the United States Department of the Treasury's Alcohol and Tobacco Tax and Trade Bureau (hereafter the TTB), as mandated by the Federal Alcohol Administration Act, is to prohibit consumer deception and the use of misleading statements on wine labels and ensure that those labels provide the consumer with adequate information as to the identity and quality of a product; and

WHEREAS, It is one of the principal responsibilities of the TTB to protect the public; and

WHEREAS, Wine consumers rely on the truthfulness of wine labels to guide their purchasing decisions; and

WHEREAS, The TTB's Notices of Proposed Rulemaking Number 77, relating to a Proposed Establishment of the Calistoga Viticultural Area, and Number 78, relating to a Proposed Revision of the American Viticultural Area Regulations, propose to create rules that will undermine consumer confidence in wine labels by creating loopholes to permit misdescriptive wine labels; and

WHEREAS, The California wine industry has been a leader in truth in labeling and the TTB's Notices of Proposed Rulemaking Number 77 and Number 78 compromise the integrity of one of America's most distinguished agricultural products, recognized as such internationally; and

WHEREAS, The State of California, from the mid-1800s to the present day, has actively sought to protect consumers from misleading labeling; and

WHEREAS, American Viticultural Areas have been successfully recognized under existing rules since 1981 and follow a pattern in use worldwide for winegrowing regions as well as for regions within regions; and

WHEREAS, Of the 187 American Viticultural Areas in existence, 107 of them are located in California; now, therefore, be it

*Resolved by the Senate and the Assembly of the State of California, jointly,* That the Legislature of the State of California hereby respectfully memorializes the Tobacco Tax and Trade Bureau to protect and preserve the ability of California wineries, as well as all American wineries, to contribute to the economy of California and the nation by withdrawing the Notices of Proposed Rulemaking Number 77 and Number 78; and be it further

*Resolved,* That the TTB move forward with the uncompromised recognition of the Calistoga American Viticultural Area as originally petitioned to the Tobacco Tax and Trade Bureau; and be it further

*Resolved,* That the Secretary of the Senate transmit a copy of this measure to the President of the United States, to each Senator and Representative in

the Congress of the United States, to the Secretary of the Treasury, and to the Administrator of the Alcohol and Tobacco Tax and Trade Bureau.

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