



AB 1585: THE WRONG FIX AT THE WRONG TIME FOR WINE

AB 1585 takes away the flexibility wineries rely on and adds new costs in an already challenging market. Wine Institute opposes AB 1585, which would require wine labeled “American” and sold in California to be made from 100% American-grown grapes, replacing the longstanding 75% federal standard.

TAKES AWAY CRITICAL FLEXIBILITY

Wine is not a manufactured product – it is an agricultural product affected by:

- Drought and wildfire
- Crop shortages and oversupply cycles
- Shifts in consumer demand

The 75% rule provides necessary flexibility to:

- Manage supply gaps
- Stabilize costs during tight harvest years
- Achieve desired wine style and quality

ADDS COST AND CONFUSION

AB 1585 would create a different standard in California than the rest of the country, raising serious concerns about:

- Conflict with federal authority
- A patchwork of labeling rules
- Market confusion for wineries, retailers and consumers
- Ability to use varietal and vintage information on certain wine labels

It would also impose new enforcement mandate without the resources to carry it out:

- No new funding for ABC to implement or enforce the mandate
- Higher compliance and documentation costs
- Disproportionate enforcement risk for California wineries, given ABC’s primarily in-state jurisdiction

HITS VALUE WINES AT THE WORST TIME

Value wines will be most impacted by AB 1585. They are often the entry point for new consumers and play an important role in the industry’s long-term viability. This segment is already under intense pressure from inflation, rising compliance costs and softer demand. AB 1585 could:

- Increase production costs
- Limit blending options
- Reduce product availability
- Lead to product discontinuations

MISDIAGNOSES THE PROBLEM

Proponents of AB 1585 suggest that longstanding American appellation rules increases imports. The data does not support this claim.

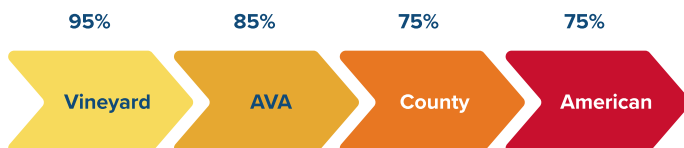
- In 2024, bulk wine imports (excluding Canada) were 42% of their 2012 peak – a decline of more than 200 million liters.
- During that same time, imported bulk wine’s share of the U.S. market declined from 12.1% to 5.5%

Source: Gomberg Fredrikson Report

THE BOTTOM LINE: AB 1585 COULD...

- ⚠ Add cost without increasing demand
- ⚠ Remove necessary flexibility
- ⚠ Disrupt a federal standard that works
- ⚠ Create legal and regulatory uncertainty

HOW FEDERAL WINE LABELING WORKS



Current Federal regulations governing wine appellations have been in place since the 1970s, with broader label authority dating to the 1930s. These regulations tie grape percentage requirements to the specificity of the geographic claim. The more precise the place named on the label, the higher the percentage required.