

ASSEMBLY THIRD READING
AB 1585 (Connolly and Ransom)
As Amended April 8, 2026
Majority vote

SUMMARY

This bill would provide for wine bottled on or after July 1, 2027, would prohibit the use of the appellation "American" or "United States" on wine produced, bottled, labeled, offered for sale, or sold in California unless 100% of the wine is derived from grapes or agricultural products grown in the United States, as specified. The bill would authorize the Department of Alcoholic Beverage Control (ABC) to seize any wine in California that is labeled or packaged in violation of this measure.

Major Provisions

- 1) Provides on or after July 1, 2027, a wine produced, bottled, labeled, offered for sale, or sold in California shall not indicate an appellation of "American" or "United States" on any label, brand name, packaging material, or advertising unless 100% of the wine is derived from grapes or agricultural products containing natural or added sugar grown in the United States.
- 2) Provides an indication of an appellation of "American" or "United States" includes, but is not limited to, use of the phrases "American wine," "USA wine," or "United States wine."
- 3) Provides an indication of an appellation of "American" or "United States" does not include use of the phrases "North American wine," "Central American wine," or "South American wine."
- 4) Provides ABC may seize any wine located in California that is labeled or packaged in violation of this measure and may dispose of the wine, as specified.

COMMENTS

Background: Wine labels in California must satisfy both federal and state rules. The Alcohol and Tobacco Tax and Trade Bureau (TTB) regulate labeling under the Federal Alcohol Administration Act (FAA Act) and its implementing regulations at 27 Code of Federal Regulations (CFR) Part 4. Every wine label must display the brand name, wine type, alcohol content, net contents of the bottle, and the government health warning. The TTB also regulates certain claims and prohibits misleading or deceptive labeling practices. While federal law sets uniform national standards, it does not expressly preempt states from adopting additional or more protective labeling requirements, so long as those requirements do not conflict with federal mandates or impede interstate commerce.

California operates under a regulatory system for wine labels designed to provide purchasers with a substantial amount of information about a wine label. Understanding these regulations allows consumers to gain insights that may not be immediately apparent from simply reading the label.

Wine names generally fall into three categories: varietal, which refers to the type of grape used (such as Cabernet Sauvignon, Merlot, and Chardonnay); generic, which refers to wine types that have developed a secondary meaning in California; and proprietary, which are unique names created by wineries for specific wines.

If a California wine is labeled as a varietal, at least 75% of the wine must be made from the named grape variety. In contrast, there are no specific restrictions on the types of grapes used in wines with generic or proprietary names. To display a vintage date (for example, "2020"), at least 95% of the grapes used must have been harvested in that year; the remaining 5% may come from other vintages, often used to top off barrels.

Geographic origin statements are also regulated. To be labeled as "California" wine, 100% of the grapes must be grown within the state. In order for a wine to be designated with an Appellation of Origin defined by a political boundary, such as a county name, federal law requires that 75% or more of grapes used to make the wine be from that appellation, and that the wine be fully finished within the state in which the county is located. If a wine is designated with the name of an American Viticultural Area (AVA), federal regulations require that 85% or more of the wine is derived from grapes grown within the boundaries of that TTB-established AVA.

Local American Viticultural Areas (AVAs) can enforce stricter labeling rules than federal standards if they are established as state laws or regional agreements. For instance, Sonoma County enforces mandatory conjunctive labeling, requiring the county name alongside the specific AVA name on all labels.

Finally, winery production and bottling designations can provide valuable information to informed consumers. Terms such as "Estate Bottled" and "Grown, Produced and Bottled by ..." indicate that 100% of the grapes come from vineyards owned or controlled by the winery within the same viticultural area. When used by a respected winemaker, these designations often suggest a higher-quality wine, as the entire production process is managed by a single producer.¹

Supporters note that AB 1585 is also consistent with laws in other leading wine-producing nations around the world that have enforced 100% country-of-origin standards for centuries. Wines labeled with a country of origin—such as France, Italy, or Spain—must be produced exclusively from grapes grown within that country and do not permit blending with wines from other countries.

California's wine industry is one of the largest and most influential in the world, and changes to labeling requirements can have significant operational and economic impacts. Recognizing this, AB 1585 includes a delayed implementation date—applying only to wine bottled on or after July 1, 2027—to provide producers with adequate time to adjust their practices, update labels, and avoid disruptions such as relabeling existing inventory or removing products from retail shelves.

Direct-to-consumer shipping. California's direct-to-consumer (DTC) market is one of the most permissive in the country. A winery holding a Type 02 Winegrower's License may ship an unlimited amount of wine directly to California residents. Out-of-state wineries, however, must obtain a Type 82 Wine Direct Shipper Permit from ABC to ship into the state. Because shipments to other states must comply with a wide variety of regulations, many wineries use third-party compliance services. Furthermore, all licensed winegrowers must file a Winegrower Tax Return with the California Department of Tax and Fee Administration by the 15th of each month, covering all transactions from the prior period.

¹ <https://michaelfatelaw.com/articles/californias-wine-labeling-laws/>

California wine industry economic declines. Wineries face multifaceted competition based on price, quality, value, and reputation. Competition comes from wines produced in another county, another state, another country. The California wine industry is experiencing a significant correction, highlighted by a 17.1% drop in production in 2024, its lowest level since 1999. This downturn is being driven by a combination of oversupply, shifting consumer preferences, and rising operating costs. As a result, thousands of acres of vineyards are being removed, and total winery numbers are projected to decline by 25% to 30%.

Industry reports indicate that approximately 40,000 acres of vineyards were removed in 2025, with similarly large-scale removals expected in 2026. These reductions are projected to significantly decrease California's total vineyard acreage from roughly 600,000 acres. At the same time, U.S. wine revenue has declined by more than \$1 billion.

While the winegrape market is currently oversupplied, some experts caution that aggressive vineyard removals could eventually create a supply shortage once demand stabilizes. Despite these broader challenges, certain segments of the industry are demonstrating resilience. Premium wine brands continue to perform relatively well, and growth in wine tourism—along with the expansion of new tasting rooms—is helping to offset some of the declines, even as the overall market contracts.

According to the Author

According to the author, "The heart of America's wine industry is right here. California wines and grapes are known all over the world for their unique flavors and high quality, thanks to the hard work and dedication of our local winegrape growers and winemakers. The quality of America's wine is undermined by labeling wine as 'American' but putting cheap imported bulk wine in the bottle. Folks deserve honesty and transparency when shopping for their preferred wine. AB 1585 will give consumers confidence that they are getting what they paid for."

Arguments in Support

The Family Winemakers of California and the California Association of Winegrape Growers write, "This straightforward 100% standard aligns the American designation with the state's long-standing commitment to clear, place-based wine labeling and builds on the requirement that wines labeled "California" contain 100% California-grown grapes. This California standard has been in place for decades and works well. Wineries support this bill because the integrity of the wine label affects the entire California wine industry. When consumers believe that wine labeled as "American" is produced with grapes grown in the U.S. (likely California), but 25% of the contents of that bottle is actually imported bulk wine, wine consumers no longer trust the label. That hurts California's entire wine industry.

Growers support AB 1585 because, in wine globally, and especially in California, there is a foundational value that wine is defined by where its grapes are grown. The origin of those grapes is central to the identity of the wine in the bottle and should be clearly reflected on the label.

This is because there is a great connection between the consumer who enjoys the wine and the grower who grows the grapes. The label fosters that connection by informing the consumer about where those grapes were grown.

At a time when the wine industry is already facing significant challenges, maintaining consumer trust in wine labels is paramount. This is crucially important now more than ever. As California's

wine industry is trying to make a comeback, we must appreciate how California consumers make buying decisions."

Arguments in Opposition

The Wine Institute writes, "This bill seeks to create a California-only standard for the use of the American Appellation label on wine produced or sold into our state. The present standard, which has been in effect since the 1970s, is set by the federal government and requires that 75% of grapes used in wine labeled as "American Wine" be sourced from the United States. In the wine industry, it has long been standard that label indicators require less than 100% grape sourcing. For example, both varietal and county indications on a label signify that 75% of the grapes sourced for that wine are that varietal or come from that county.

This bill comes at an unfortunate time for the wine industry as wineries face reduced consumer demand. The flexibility inherent in current and long-standing labeling practices allows winemakers the ability to produce wines of desired styles and consumer price points. Additionally, this flexibility allows winemakers to cope with variations in grape harvests, a critical element when considering both the nature of agriculture and our evolving climate. This flexibility is also to the benefit of growers that have grapes to sell that would not otherwise be eligible due to the restrictive labeling requirements.

Moreover, the change contemplated by AB 1585 will most significantly impact the "value" wine segment – those wines produced with a focus on affordability. This segment is vital to the recovery of the wine industry, as these lower cost wines are most often where customers new to wine make their first purchase. Moreover, under AB 1585, were a winery to produce a wine using any grapes from outside of the United States, they would forego their ability to communicate the varietal and vintage of the wine on their label. Not only does this compromise the ability to sell the product, but it erodes the so-called transparency that this bill seeks when communicating with a customer. AB 1585 will further complicate an already difficult path to recovery for California's iconic wine industry."

FISCAL COMMENTS

According to the Assembly Committee on Appropriations analysis, "ABC anticipates minor and absorbable costs to enforce this bill's appellation of origin standard. However, this committee sees a wide array of bills that propose to modify the scope of alcohol laws. Generally, the majority of proposals do not generate significant new workload for ABC, but taken together, these proposals could lead to significant new costs and future budget requests. In this case, since the labeling requirement applies to both wine produced in California by ABC licensees and wine imported from out-of-state producers that may be unfamiliar with a state standard that deviates from the federal standard, the potential for a violation and related volume of complaints may be greater than usual. Thus, it is possible for ABC to incur enforcement costs in excess of \$150,000 as a result of this bill (ABC Fund).

VOTES

ASM GOVERNMENTAL ORGANIZATION: 18-0-4

YES: Davies, Berman, Bryan, Carrillo, Dixon, Fong, Gabriel, Gallagher, Gipson, Macedo, McKinnor, Nguyen, Ramos, Solache, Soria, Ta, Valencia, Wallis

ABS, ABST OR NV: Blanca Rubio, Alvarez, Pacheco, Michelle Rodriguez

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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