

SENATE COMMITTEE ON
TELECOMMUNICATIONS AND CONSUMER AFFAIRS

March 19, 1991 Hearing Room B
1:00 p.m. Tapes 29 - 31
MEMBERS PRESENT: Senator Jolin, Chair
Senator Otto, Vice-Chair
Senator Kennemer
Senator Bunn
Senator Shoemaker
STAFF PRESENT: Cherie Copeland, Committee Administrator
Apryl Poff, Committee Assistant
MEASURES HEARD: SB 629 Alcohol content labeling, PUB.

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PUBLIC HEARING.
TAPE 29, SIDE A

005 VICE-CHAIR OTTO: Calls the meeting to order at 1:06 p.m.

009 SB 629 ALCOHOL CONTENT LABELING. PUB.

Witnesses: Senator Jolin.
Stephen Kafoury, Blitz-Weinhard.
Dell Isham, Oregon Highway Users Conference.

Jon Stubenvoll, Oregon State Public Interest Research Group.
Robert Trachtenberg, Representing Multnomah County Commissioners.
Paul Romain, Oregon Beer and Wine Distributors Association.
Irene Furmat, Hood River Brewing Company.
John Powell, Miller Brewing.
Mark Nelson, Anheuser-Busch.
Amy Klare, Healthy Mothers, Healthy Babies.
Daphne Young, Citizen.

Heidi Bialkowsky, Blitz-Weinhard.
Paul Williamson, Oregon Liquor Control Commission.
Brenda Babcock, Rainier Brewery.

025 SENATOR JOLIN: Submits and summarizes written testimony in favor to SB 629 (EXHIBIT A).

Alcohol content labeling is stating on the label of alcoholic beverages the percentage of alcohol by volume

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or weight. SB 629 requires labeling by volume. People have the right to know the alcohol content of beverages they consume. Light beers (those with reduced calories) are required to list calories, fat and carbohydrates on the label, yet alcohol content isn't required. People are often confused by the light beer moniker, thinking that "light" means reduced alcohol content. Wine and distilled spirits are already labeled with alcohol content, but the US government doesn't allow such labeling on beer unless the individual state requires it. The alcohol content of beer varies from under 3% to over 7%. This is a wide range considering that blood alcohol levels are measured in the hundredths of one percent.

110 SENATOR SHOEMAKER: What is the difference between ale and beer?

119 STEPHEN KAFOURY: The difference between ale and beer is in the manufacturing process. After a malt liquor has 4% alcohol, it must be labeled as something other than beer. Spirits, beer and wine should all be labeled by volume to make it all on the same scale. The federal law since Prohibition has prohibited the labeling of alcohol content on beer unless the state requires it. The polls show that if given the choice 44% of the people would choose to have an alcohol content label. These people also said they would choose the beverage with the lower alcohol content. By the passage of SB 629 people will have the right to see what they are drinking. All brewers have easy access to how much alcohol is in their beverages and also the quality control to maintain this.

183 Senator Bunn arrives at 1 :20.

223 SENATOR SHOEMAKER: How will this bill affect beer sold in a keg?

231 BRENDA BABCOCK: This bill wasn't intended for a keg. You don't see the keg until after you have ordered it. This bill is intended for single containers. We feel everything should be labeled accordingly.

281 SENATOR SHOEMAKER: You said that over 4% is now required by weight. Would this supercede the present law of labeling by weight rather than volume?

273 STEVEN KAFOURY: I am not really sure.

300 PAUL WILLIAMSON: The Commission has a rule that requires beer products over 4 percent by weight to be labeled.

305 SENATOR SHOEMAKER: If SB 629 is passed what would be your intention of this rule? Would you repeal the old statute?

316 PAUL WILLIAMSON: I believe that would be the effect.

322 SENATOR KENNEMER: Why are the products above 496 by weight shown here not labeled?

332 PAUL WILLIAMSON: We haven't been quite as diligent in making sure that all products were labeled. We also found that some of the products went to the marketplace without being properly labeled. We have notified all manufacturers and distributors of the rule and given them until July 1, 1991 to, get their products labeled.

352 SENATOR KENNEMER: What is the lower limit on alcohol content labeling?
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359 PAUL WILLIAMSON: Alcohol is defined as anything over one half of one percent. So I believe that the limit would be over one half of one percent.

364 DELL ISHAM: Gives testimony in support of SB 629. We believe this a good idea because the public deserves to know what they are drinking in order to make responsible decisions of whether or not to drink. This provides a better opportunity possibly to avoid intoxication.

386 AMY KLARE: Submits and summarizes written testimony in favor of SB 629 (EXHIBIT B). We believe that all beer and wine distributors and manufacturers should be required to label the alcoholic content of their products as a requisite for distributing their product in Oregon. Recent studies and informational campaigns have heightened public awareness of the health hazards associated with excessive alcohol consumption. SB 629 is consistent with these efforts to provide consumers with the necessary information to make responsible decisions when consuming alcohol.

429 JON STUBENVOLL: Submits and summarizes written testimony in favor of SB
629 (EXHIBIT C). A basic right of the consumer in the marketplace is the
right to be informed. Among the most important applications of this right
is in the area of food and beverage products. When consumers have full,
accurate, objective information, they are able to make purchase decisions
which not only are the best for themselves, but which also reward the best
products and promote vigorous competition in the marketplace. In 1989,
brewers spent over \$808 million promoting their products in this country.
That year, domestic retail sales of beer outstripped retail sales of milk
by over three times, \$15 billion in milk versus \$47 billion in beer.
Labeling requirements are an effective yet modest way to provide useful
information to the consumer. With objective information concerning the
beer's alcohol content, consumers can make better purchasing decisions. In
comparison to the hundreds of millions of dollars spent each year to
promote this product and the billions spent to consume it, such a labeling
requirement is modest. In countries that already require alcohol content
labeling, consumers prefer those products with lower alcohol content. With
alcohol content labeling, consumers can make better purchase decisions as
well as protecting themselves from drinking too much alcohol.

TAPE 30 SIDE A

112 ROBERT TRACHTENBURG: Submits and summarizes resolution in favor of SB
629 (EXHIBIT D). This resolution was adopted by the Multnomah County Board
of Commissioners in December of 1990. The board of commissioners expressed
its support of alcohol content labeling and passed this resolution
unanimously. The following are a few of the excerpts from this resolution.
The citizens of Multnomah County, Oregon, would be benefitted by having
information readily available on the container or label to indicate the
alcohol content of malt beverages in the same manner as is required of
distilled spirits and wines. There is a significant difference in alcohol
content among the various brands and types of beer, and, since Oregon
criminal statutes measure blood alcohol levels in the hundredths of one
percent, consumers have the right to information that may result in illegal
levels of intoxication. Education regarding the use of alcohol can
contribute significantly to ameliorating the problems that Multnomah County
has the responsibility of addressing such as corrections, traffic safety,
health and juvenile services. The Multnomah County Board of Commissioners
resolves to request the Oregon Liquor Control Commission to require the
labeling of alcohol content on all malt beverages sold in Oregon.

191 PAUL ROMAIN: Gives testimony in opposition to SB 629. You can't call
any alcoholic beverage with over 4% alcohol by weight, beer. We would
support this bill if it was on a nationwide level. State

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by-state labeling has many drawbacks. The state of Washington was the first
state to adopt by rule alcohol content labeling. The state of Washington
announced that on March 27, 1991, they will be going into a rulemaking
hearing to rescind the rule. State-by-state alcohol labeling produces
numerous problems for distributors as well as consumers. It is very
difficult for distributors and retailers to obtain product in Oregon when
the Oregon label is different from that used in other states. There is a
prohibition on any alcohol content labeled bottle in most states. I believe

that consumers are buying light beers because they have fewer calories not because they have less alcohol content. Coors Brewing Company has given me permission to state that they are opposed to alcohol content labeling unless it is on a national level.

448 SENATOR KENNEMER: Do you agree that there is justification for the higher level contents to ' be labeled?

453 PAUL ROMAIN: I can justify all alcoholic beverages being labeled on the high end.

TAPE 29 SIDE B

048 IRENE FORMAT: Gives testimony in opposition to SB 629. Believes that if this bill is passed that it should be on a federal level and not state by state. State-by-state content labeling creates many problems for the smaller breweries. The labels for each state would need to be changed because it is prohibited to have alcohol content on a bottle if the state doesn't have a law requiring it.

079 SENATOR SHOEMAKER: What is the Washington law regarding this bill?

082 IRENE FURMAT: It is the same. I believe that it is under rescision.

108 BRENDA BABCOCK: The status of the Washington bill is that they did approve alcohol content labeling. There has been discussion regarding rescinding the bill.

146 CHAIR JOLIN: How many years has it been since the federal government made its decision to disallow labeling but allowing the states to make that decision?

152 BRENDA BABCOCK: The bill that prohibits the alcohol content labeling goes back to the end of Prohibition in 1935.

161 CHAIR JOLIN: What has your brewery done to advocate federal content labeling law?

165 IRENE FORMAT: We asked the Bureau of Alcohol, Tobacco and Firearms (BATF) to become involved. We don't have any problems with this as long as it is on a federal level.

189 CHAIR JOLIN: Did you by phone, fax, or letter ask them to get involved?

190 IRENE FORMAT: We called them by phone and asked them.

195 CHAIR JOLIN: Did you encourage the BATF to come up with a national standard for labeling of alcoholic beverages?

198 IRENE FORMAT: At that point we did. We haven't since.

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200 CHAIR JOLIN: Should we eliminate the bottle bill in the state of Oregon?

210 IRENE FLLRMAT: No. We think this a great bill.

225 JOHN POWELL: Gives testimony in opposition to SB 629. This would be very costly. There is a Supreme Court case pending on this and is also under review by the OLCC at the present. This bill would make it very hard for us to handle overstock of beer as well as understock. We support this bill on a national level, not state to state.

348 SENATOR SHOEMAKER: What is the issue being viewed currently at the Supreme Court?

340 JOHN POWELL: The Adolf Coors company challenged the federal law that prohibits labeling without a state requirement. Coors wanted to be able to label their beer as they saw fit. They filed suit against the Bureau of Alcohol, Tobacco and Firearms (BATF) and were successful in this suit. The federal court eliminated the prohibition against labeling under the freedom of speech argument. This has been appealed by Congress. Congress is saying that they have the right to pass these types of laws. The case is now pending on appeal.

381 SENATOR SHOEMAKER: If the case does invalidate the federal law, and Congress does nothing further how would Miller react to that?

388 JOHN POWELL: I'm not sure what their final position would be on that issue. I know that they won't oppose a federal requirement.

394 CHAIR JOLIN: Did the case have anything to do with the recent labeling requirements that are similar to that of those contained on cigarette packages?

409 JOHN POWELL: I'm not aware of any connection.

430 CHAIR JOLIN: I think we should be very clear with all sides of this argument that I've heard today. There is an assumption that is being used that more of this is going to happen. I think it's accurate to say that by statute, regulation, or rule that this may be the case.

TAPE 30 SIDE B

038 MARK NELSON: Gives testimony in opposition to SB 629. Budweiser currently labels their cans with Oregon and California redemption value. Under current law Budweiser cans are accepted everywhere. If this bill is passed, then we would have to have different labels for the different states because the way the cans are now would be illegal. This would be very time consuming and costly. Anheuser-Busch supports the concept of this bill but only if it is at a national level. This measure will cause a major disruption to national brewery interests. It will not cause a major disruption to our local brewery that sells 80% of its beer in Oregon and Washington.

130 CHAIR JOLIN: The argument still remains that in countries where alcohol labeling is required, it seems that the statistics prove that people are buying the lower alcohol content. Why not help Oregon to become a leader and use Oregon's idea as a plan for national labeling?

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176 JOHN POWELL: The information from other countries is lacking in that there is no direct correlation between alcohol content labeling and the consumption of particular products.

217 CHAIR JOLIN: What have your companies done at the federal level to encourage alcohol content labeling?

230 JOHN POWELL: I'm not sure what Miller Brewing Company has taken. I don't believe that they have seen a need.

232 MARK NELSON: Several years ago Anheuser-Busch was opposing Coors Brewing Company in their efforts on the national level. Since the lawsuit, Anheuser-Busch has been reviewing that situation and if Coors is successful in their appeal then Budweiser would be petitioning the federal government for the national alcohol content labeling.

333 DAPHNE YOUNG: Gives testimony in favor of SB 629. I believe in this bill because the public has the right to know what they are putting into their bodies. I've had employment experience in the alcohol and drug treatment field and have seen firsthand the effects of alcohol abuse. Many people believe that if a beer is labeled light that it has less alcohol. By requiring alcohol content labeling, people will have a better understanding of how much they are drinking.

385 HEIDI BIALKOWSKY: Gives testimony in favor of SB 629. Discusses list of people who have endorsed this bill. Our polls have shown that people favor this type of bill. We want to be a socially responsible company and we believe this is a good idea.

432 PAUL WILLIAMSON: The Oregon Liquor Control Commission gets alcohol content labeling authority from ORS 471.030 (B) and (C).

445 SENATOR SHOEMAKER: Is the alcohol content labeling of malt beverages above 4% strictly enforced?

479 PAUL WILLIAMSON: We do enforce this. We haven't paid as close attention as we should have. Because of the petition we have received from Blitz we haven't taken a closer look and are doing surveys and have discovered some of the products aren't labeled as they are supposed to be. We have given the companies a deadline of July 1, 1991, to get their products labeled correctly.

TAPE 31 SIDE A

035 SENATOR SHOEMAKER: Has the OLCC taken a position on this bill?

038 PAUL WILLIAMSON: We haven't taken a position on this bill. We would invite some direction from the Legislature.

053 CHAIR JOLIN: Adjourns hearing at 3:05 p.m.

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| Submitted by: | Reviewed by: |
| Apryl Poff | Cherie Copeland |
| Assistant | Committee Administrator |

EXHIBIT LOG:

- A - Written testimony submitted by Senator Jolin, 3 pages.
- B - Written testimony submitted by Amy Klare, 1 page.
- C - Written testimony submitted by Jon Stubenvoll, 3 pages.
- D - Written resolution submitted by Robert Trachtenburg, 2 pages.

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