

ACTION: Withdrawal of proposed regulations.

SUMMARY: The purpose of this document is to withdraw the notice of proposed rulemaking that appeared in the *Federal Register* on September 20, 1977 (42 FR 47222). That notice proposed amendments to the regulations under section 83 of the Internal Revenue Code of 1954. The amendments would have established certain reporting requirements for persons who either claim a deduction for the grant of a compensatory option that is not traded on an established market or include such an option in gross income when it is granted. Public comments on the proposed regulations were received and a public hearing on the proposed regulations was held March 20, 1978. After considering the comments received in writing and the comments made at the public hearing, the Internal Revenue Service is withdrawing the proposed regulations.

FOR FURTHER INFORMATION CONTACT: Philip R. Bosco of the Legislation and Regulations Division, Office of the Chief Counsel, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, D.C. 20224, 202-566-3238, not a toll-free call.

Drafting Information

The principal author of this notice of withdrawal is Philip R. Bosco of the Legislation and Regulations Division of the Office of the Chief Counsel, Internal Revenue Service. However, personnel from other offices of the Internal Revenue Service and Treasury Department participated in developing the notice of withdrawal, both on matters of substance and style.

Withdrawal of Notice of Proposed Rulemaking

Accordingly, the notice of proposed rulemaking on reporting requirements for nonqualified stock options published in the *Federal Register* (42 FR 47222) on September 20, 1977, is hereby withdrawn.

Roscoe L. Egger, Jr.,

Commissioner of Internal Revenue.

[FR Doc. 83-17209 Filed 6-24-83; 8:45 am]
BILLING CODE 4830-01-M

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 9

[Notice No. 472]

Northern Sonoma Viticultural Area

AGENCY: Bureau of Alcohol, Tobacco and Firearms, Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Bureau of Alcohol, Tobacco and Firearms (ATF) is considering the establishment of a viticultural area in California to be known as "Northern Sonoma." This proposal is the result of a petition submitted by E. & J. Gallo Winery on behalf of its subsidiary Frei Brothers, a winery located in Healdsburg, California. The establishment of viticultural areas and the subsequent use of viticultural area names as appellations of origin in wine labeling and advertising will help consumers better identify wines they purchase. The use of this viticultural area as an appellation of origin will also help winemakers distinguish their products from wines made in other areas.

DATE: Written comments must be received by August 11, 1983.

ADDRESS: Send written comments to: Chief, FAA, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms, P.O. Box 385, Washington, DC 20044-0385 (Attn: Notice No. 472).

Copies of the petition, the proposed regulations, the appropriate maps, and the written comments will be available for public inspection during normal business hours at: ATF Reading Room, Office of Public Affairs and Disclosure, Room 4405, Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, DC.

FOR FURTHER INFORMATION CONTACT: John A. Linthicum, FAA, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms, 1200 Pennsylvania Avenue, N.W., Washington, DC 20226 (202-566-7802)

SUPPLEMENTARY INFORMATION:

Background

On August 23, 1978, ATF published Treasury Decision ATF-53 (43 FR 37672, 54624) revising regulations in 27 CFR Part 4. These regulations allow the establishment of definitive viticultural areas. The regulations also allow the name of an approved viticultural area to be used as an appellation of origin on wine labels and in wine advertisements.

On October 2, 1979, ATF published Treasury Decision AFT-60 (44 FR 56692) which added a new Part 9 to 27 CFR,

providing for the listing of approved American viticultural areas, the names of which may be used as appellations of origin.

Section 4.25a(e)(1), Title 27, CFR, defines an American viticultural area as a delimited grape-growing region distinguishable by geographical features. Section 4.25a(e)(2) outlines the procedure for proposing an American viticultural area. Any interested person may petition ATF to establish a grape-growing region as a viticultural area. The petition should include—

(a) Evidence that the name of the proposed viticultural area is locally and/or nationally known as referring to the area specified in the petition;

(b) Historical or current evidence that the boundaries of the viticultural area are as specified in the petition;

(c) Evidence relating to the geographical features (climate, soil, elevation, physical features, etc.) which distinguish the viticultural features of the proposed area from surrounding areas;

(d) A description of the specific boundaries of the viticultural area, based on the features which can be found on United States Geological Survey (U.S.G.S.) maps of the largest applicable scale; and

(e) A copy of the appropriate U.S.G.S. map with the boundaries prominently marked.

Petition

ATF has received a petition proposing an area in Sonoma County, California, as a viticultural area to be known as "Northern Sonoma." The area consists of approximately 329,000 acres. There are approximately 26,000 acres of grapevines and 72 wineries in the proposed area.

The proposed Northern Sonoma viticultural area is located entirely within the proposed North Coast viticultural area (Notice No. 404, 47 FR 1151). The following six proposed viticultural areas are located entirely within the proposed Northern Sonoma viticultural area:

Chalk Hill, Notice No. 411, 47 FR 20321.

Alexander Valley, Notice No. 418, 47 FR 36221.

Sonoma County Green Valley, Notice No. 432, 47 FR 51425.

Dry Creek Valley, Notice No. 445, 47 FR 1315.

Russian River Valley, Notice No. 450, 47 FR 5280.

Knights Valley, Notice No. 454, 48 FR 5981.

Both alternative boundaries of the proposed Alexander Valley area are entirely within the proposed Northern Sonoma area. The proposed Sonoma County Green Valley and Chalk Hill areas are each entirely within the proposed Russian River Valley area. The boundaries of the proposed Alexander Valley, Dry Creek Valley, Russian River Valley, and Knights Valley areas all fit perfectly together, dividing northern Sonoma County into four proposed areas. The proposed Northern Sonoma area uses all of the outer boundaries of these four areas with the exception of an area southwest of the proposed Dry Creek Valley area and west of the proposed Russian River Valley area. This area has nearly 300 acres of grapevines and possesses the same geographical features as the rest of the proposed Northern Sonoma area.

The petitioner claims that the proposed Northern Sonoma area represents all of the grapegrowing land in Sonoma County which is not (1) owned by Mr. Fred J. Fisher, or (2) in the approved Sonoma Valley viticultural area prescribed in § 9.29. Mr. Fred J. Fisher owns vineyards located on Mayacamas Mountain along the Sonoma-Napa County line. He has specifically asked to have his vineyards excluded from both the Sonoma Valley and Northern Sonoma viticultural areas because he believes that the geographical features of Mayacamas Mountain distinguish it from the rest of Sonoma County.

Name. The petition contains evidence that the name "Northern Sonoma" was used as a community name by the *Healdsburg Enterprise*, a local newspaper, beginning in 1887. The petitioner claims that a winery was established in Geyserville in 1890 named "North Sonoma Winery"; the winery was destroyed by fire three years later. *The Pacific Wine and Spirits Review*, reporting in 1910 that Sonoma County would soon become the leading grape producing county in the state, attributes the growth partly to the construction of three new wineries in Northern Sonoma. In January 1920, the *Healdsburg Enterprise* and the *Santa Rosa Press Democrat* both reported on a movement to divide northern and southern Sonoma County into two counties. These reports support the concept of "Northern Sonoma" as a distinct community. The petitioner claims that a winery was established in Geyserville at the end of Prohibition named "Northern Sonoma Wines, Inc." By the mid-1940's, this winery was producing approximately one million gallons annually, most of

which was sold in bulk to bottlers. This winery was phased out of existence in 1953. The petitioner claims that, beginning in 1950, tourism publications of the county government and local chambers of commerce have divided the county into "Northern Sonoma" and other regions. A series of articles published in 1973 and 1974 in *Wines & Vines*, a wine industry trade magazine, describe the "northern district" of Sonoma County. This "northern district" is approximately the same as the proposed viticultural area. In the spring of 1980, another effort was initiated to establish a separate county comprising the northern part of Sonoma County. This also supports the idea that "Northern Sonoma" may be identified as a separate community.

Geographical features. The proposed area is separated from the approved Sonoma Valley viticultural area in southern Sonoma County by the city of Santa Rosa and Cotati Valley which are urban or undergoing urbanization. The petitioner claims that these and other urban areas distinguish the proposed area from areas located south of the proposed boundary. The petitioner claims that the area west of the proposed boundary is mountainous and relatively inaccessible. A small part of the western portion of the proposed area is also mountainous and inaccessible. However, for convenience the boundary was drawn as a series of straight lines connecting features which can be found conveniently on the map. North and east of the proposed area are Mendocino, Lake, and Napa Counties.

The boundary of the proposed viticultural area is described in the proposed § 9.70.

Regulatory Flexibility Act

The provisions of the Regulatory Flexibility Act relating to an initial and final regulatory flexibility analysis (5 U.S.C. 603, 604) are not applicable to this proposal because the notice of proposed rulemaking, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities. The proposal is not expected to have significant secondary or incidental effects on a substantial number of small entities, or impose, or otherwise cause, a significant increase in the reporting, recordkeeping, or other compliance burdens on a substantial number of small entities.

ATF is not able to assign a realistic economic value to using "Northern Sonoma" as an appellation of origin. Since the benefits to be derived from using any viticultural area appellation of origin are intangible, ATF cannot

conclusively determine what the economic impact will be on the affected small entities in the area.

Any value derived from using the "Northern Sonoma" appellation of origin would apply equally to all grape growers in the proposed area.

Therefore ATF believes that this notice of proposed rulemaking, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities.

Compliance With E.O. 12291

In compliance with Executive Order 12291 the Bureau has determined that this proposal is not a major rule since it will not result in:

- (a) An annual effect on the economy of \$100 million or more;
- (b) A major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or
- (c) Significant adverse effects on competition, employment, investment, productivity, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1980, Pub. L. 96-511, 44 U.S.C. Chapter 35, and its implementing regulations, 5 CFR Part 1320, do not apply to this notice because no requirement to collect information is proposed.

Public Participation—Written Comments

ATF requests comments concerning this proposed viticultural area from all interested persons. Furthermore, while this document proposes possible boundaries for the Northern Sonoma viticultural area, comments concerning other possible boundaries for this viticultural area will be given consideration.

ATF also seeks comments which discuss the following questions:

1. Can the size of the proposed area be reduced from 329,000 acres to a smaller area which includes the 26,000 acres of grapevines?
2. Is there sufficient evidence to establish that the name "Northern Sonoma" applies to the proposed area?
3. Would consumers be confused by the name "Northern Sonoma" (*i.e.* Would consumers believe that "Northern Sonoma" is part of the approved Sonoma Valley viticultural area, or that Sonoma Valley is part of "Northern Sonoma"?)?
4. Is there sufficient evidence to approve the proposed area within the

proposed "North Coast" viticultural area?

5. Is there sufficient evidence to approve the overlaying of any or all of the six proposed viticultural areas located within the proposed "Northern Sonoma" area?

Comments received before the closing date will be carefully considered. Comments received after the closing date and too late for consideration will be treated as possible suggestions for future ATF action.

ATF will not recognize any material or comments as confidential. Comments may be disclosed to the public. Any material which the commenter considers to be confidential or inappropriate for disclosing to the public should not be included in the comment. The name of the person submitting a comment is not exempt from disclosure.

Any person who desires an opportunity to comment orally at a public hearing on these proposed regulations should submit his or her request. In writing, to the Director within the 45-day comment period. The request should include reasons why the commenter feels that a public hearing is necessary. The Director, however, reserves the right to determine, in light of all circumstances, whether a public hearing will be held.

List of Subjects in 27 CFR Part 9

Administrative practice and procedure, Consumer protection, Viticultural areas, Wine.

Drafting Information

The principal author of this document is John A. Linthicum, FAA, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms.

Authority

Accordingly, under the authority in 27 U.S.C. 205, the Director proposes the amendment of 27 CFR Part 9 as follows:

PART 9—AMERICAN VITICULTURAL AREAS

Paragraph 1. The table of sections in 27 CFR Part 9, Subpart C, is amended to add the heading of § 9.70. As amended, the table of sections reads as follows:

Subpart C—Approved American Viticultural Areas

Sec.

* * * * *

9.70 Northern Sonoma.

Par. 2. Subpart C is amended by adding § 9.70 to read as follows:

§ 9.70 Northern Sonoma.

(a) *Name.* The name of the viticultural area described in this section is "Northern Sonoma."

(b) *Approved map.* The approved map for determining the boundary of the Northern Sonoma viticultural area is the U.S.G.S. Topographic Map of Sonoma County, California, scale 1:100,000, dated 1970.

(c) *Boundary.* The Northern Sonoma viticultural area is located in Sonoma County, California. The boundary description in paragraphs (c)(1)–(c)(23) of this section includes (in parentheses) the local names of roads which are not identified by name on the map.

(1) The beginning point is the point, in the town of Monte Rio, at which a secondary highway (Bohemian Highway) crosses the Russian River.

(2) The boundary follows this secondary highway (Bohemian Highway) southeasterly across the Russian River, along Dutch Bill Creek, through the towns of Camp Meeker, Occidental, and Freestone, then northeasterly to the point at which it is joined by State Highway 12.

(3) The boundary follows State Highway 12 through the town of Sebastopol to the point, near a bench mark at elevation 96 feet, at which it intersects a northbound secondary highway (Fulton Road) leading toward the town of Fulton.

(4) The boundary follows secondary highway (Fulton Road) north to the town of Fulton where it intersects an east-west secondary highway (River Road).

(5) The boundary follows this secondary highway (River Road)—

(i) east past U.S. Highway 101 (where the name of this secondary highway changes to Mark West Springs Road),

(ii) easterly, then northerly to the town of Mark West Springs (where the name of this secondary highway changes to Porter Road).

(iii) easterly to the town of Petrified Forest (where the name of this secondary highway changes to Petrified Forest Road), and

(iv) northeasterly to the Sonoma County-Napa County line.

(6) The boundary follows the Sonoma County-Napa County line northerly to the Sonoma County-Lake County line.

(7) The boundary follows the Sonoma County-Lake County line northwesterly to the section line on the north side of Section 11, Township 10 North, Range 8 West.

(8) The boundary follows this section line west to the northwest corner of Section 9, Township 10 North, Range 8, West.

(9) The boundary follows the section line south to the southwest corner of Section 4, Township 9 North, Range 8 West.

(10) The boundary proceeds in a straight line northwest to the northeast

corner of Section 36, Township 10 North, Range 9 West.

(11) The boundary follows the section line north to the northeast corner of section 13, Township 10 North, Range 9, West.

(12) The boundary proceeds in a straight line northwesterly to the intersection of 38° 45' North latitude parallel and 122° 52' 30" West longitude meridian.

(13) The boundary proceeds in a straight line northwesterly to the southeast corner of Section 4, Township 11 North, Range 10 West.

(14) The boundary follows the section line north to the Sonoma County-Mendocino County line.

(15) The boundary follows the Sonoma County-Mendocino County line west then south to the southwest corner of Section 34, Township 12 North, Range 11 West.

(16) The boundary proceeds in a straight line southeasterly to the southeast corner of Section 3, Township 11 North, Range 11 West.

(17) The boundary follows the section line and its extension south to 38° 45' North latitude parallel.

(18) The boundary follows this latitude parallel west to the west line of Section 5, Township 10 North Range 11 West.

(19) The boundary follows the section line south to the southeast corner of Section 18, Township 9 North, Range 11 West.

(20) The boundary proceeds in a straight line southwesterly approximately 5 miles to the peak of Big Oak Mountain, elevation 1404 feet.

(21) The boundary proceeds in a straight line southerly approximately 2¾ miles to the peak of Pole Mountain, elevation 2204 feet.

(22) The boundary proceeds in a straight line southeasterly approximately 4¾ miles to the confluence of Austin Creek and the Russian River.

(23) The boundary follows the Russian River northeasterly, then southeasterly to the beginning point.

Approved: June 21, 1983

Stephen E. Higgins,

Director.

[FR Doc. 83-17257 Filed 6-24-83; 8:45 am]

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27 CFR Part 9

[Notice No. 471]

Walla Walla Valley Viticultural Area

AGENCY: Bureau of Alcohol, Tobacco and Firearms, Treasury.