

PART 301—PROCEDURE AND ADMINISTRATION

Par. 3. The authority citation for part 301 is amended by adding the following citation:

Authority: 26 U.S.C. 7805; * * *
§ 301.6043(c)-1 is also issued under 26 U.S.C. 6043(c).

Par. 4. A new § 301.6043(c)-1 is added in the appropriate place to read as follows:

§ 301.6043(c)-1 Information Returns Relating to Certain Changes in Corporate Control or Capital Structure.

For provisions relating to the requirement that a corporation file a return of information if control of the corporation is acquired by a person or if the corporation has a substantial change in capital structure, see § 1.6043-4 of this chapter (Income Tax Regulations).

Fred T. Goldberg, Jr.,

Commissioner of Internal Revenue.

[FR Doc. 90-15452 Filed 7-3-90; 8:45 am]

BILLING CODE 4830-01-M

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 9

[Notice No. 705]

RIN 1512-AA07

San Ysidro District Viticultural Area; Proposed Establishment

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

ACTION: Notice of proposed rulemaking.

SUMMARY: The Bureau of Alcohol, Tobacco and Firearms (ATF) is considering the establishment of a viticultural area in Santa Clara County, California, to be known as "San Ysidro District." This proposal is the result of a petition filed on behalf of the proprietors of two vineyards in the area. The establishment of viticultural areas and the subsequent use of viticultural area names in wine labeling and advertising will allow wineries to designate the specific grape-growing area in which the grapes used in their wines were grown and will enable consumers to better identify wines they purchase.

DATE: Written comments must be received by August 20, 1990.

ADDRESSES: Send written comments to: Chief, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms, P.O. Box 385, Washington, DC 20044-0385
REF: Notice No. 705.

Copies of written comments received in response to this notice will be available during normal business hours at: ATF Reading Room, Disclosure Branch, Room 4412, Ariel Rios Federal Building, 1200 Pennsylvania Avenue NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Marjorie Dundas, Wine and Beer Branch, Ariel Rios Federal Building, 1200 Pennsylvania Avenue NW., Washington, DC (202) 566-7626.

SUPPLEMENTARY INFORMATION:

Background

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

On October 2, 1979, ATF published Treasury Decision ATF-60 (44 FR 56692) which added to title 27 a new part 9 for the listing of approved American viticultural areas. Section 4.25a(e)(1) of 27 CFR defines an American viticultural area as a delimited grape-growing region distinguishable by geographic features, the boundaries of which have been delineated in subpart C of part 9. Section 4.25a(e)(2) outlines the procedure for proposing an American viticultural area. Any interested person may petition AFT to establish a grape-growing region as a viticultural area. The petition shall 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 proposed viticultural area, based on 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(s) with the proposed boundaries prominently marked.

Petition

ATF initially received a petition from Mr. Barry Jackson of Harmony Wine Co. proposing, on behalf of the owners of

the Mistral Vineyard and the San Ysidro Vineyard, the establishment of a viticultural area in Santa Clara County, California, to be known as "San Ysidro". The petitioner subsequently amended the petition to request that the name be changed to "San Ysidro District." This proposed viticultural area is located in southern Santa Clara County, California, about four miles east of the town of Gilroy. There are approximately 520 acres planted to winegrape varieties at the two commercial vineyards within the 2,340 acre area. The petitioner provided the following information as evidence that the proposed area meets the regulatory criteria.

Evidence of Name

The petitioner provided documentation from various sources to support the name "San Ysidro." The four U.S.G.S. maps which contain portions of the proposed area all use the name San Ysidro to describe an area somewhat larger than the proposed area. The petition states that the name San Ysidro derives from the name of the original Spanish rancho granted in 1809 or 1810 by Governor Arrillaga to Ignacio Ortega. The petitioner also submitted an article from the February, 1988 edition of *Wines and Vines* entitled "Special Wines from San Ysidro Vineyard," which states that there are "two vineyards in the San Ysidro area, San Ysidro itself and the Mistral Vineyard; each vineyard has about 250 planted acres. The San Ysidro growing area is located in a cool microclimate east of Hollister in Santa Clara county, south of San Francisco".

In support of the name "San Ysidro District," the petitioner submitted an article entitled "Winery shines in Santa Clara—Awards boost Congress Springs' reputation," (*San Jose Mercury News*, June 7, 1988) which refers to vineyards in the "San Ysidro District, which is cooled by sea breezes that find their way inland by way of Watsonville."

Local Viticultural History

Until the turn of the century, the dominant agricultural activity in the area was dairying. From 1876 to the early 1930's, although dairying remained important, some orchards and vineyards were planted. Beginning in the late 1930's, increased awareness of the benefits of a cool climate in the growing of premium white varietals led to a gradual increase in the amount of land on which grapes were commercially grown.

There are two commercial vineyards within the proposed viticultural area: Mistral Vineyard and San Ysidro Vineyard. The two vineyards comprise

approximately 520 acres under cultivation. There are currently five wineries producing vineyard designated wines from the area.

Geographical/Climatological Features

The San Ysidro District is entirely within the Santa Clara Valley viticultural area which was established by T.D. ATG-286. The proposed area lies to the east of the town of Gilroy, on the eastern edge of the Santa Clara Valley and in the foothills of the Diablo Range. The San Ysidro Creek runs through the vineyards and is part of the upper watershed for the Pajaro River. This proximity to the Pajaro River and the resultant effect on the microclimate at San Ysidro is the primary factor distinguishing this area from the rest of the Santa Clara Valley. The Pajaro Gap and Chittenden Pass, through which the river flows, act as a funnel for cool maritime air being pulled into the San Joaquin Valley through the Pacheco Pass. Because of the cool ocean air flowing over the area, fog in the San Ysidro District area is subject to earlier accumulation in the evening and later burn-off in the morning than in the surrounding area. This maritime influence also results in afternoon breezes that moderate the daily high temperature, even during summer months. The average temperature, due to the marine influence, is 2085 degree-days. This corresponds to a Region I climate, based on the University of California-Davis heat summation method. Much of the Santa Clara Valley area is classified as a Region II climate, based on 2700 degree-days. Even the nearby town of Gilroy is substantially warmer, at 2630 degree-days.

The soil is loamy, with some clay and gravel, and is generally well drained. The primary soil associations in the lower slopes are the Zamora-Pleasanton-San Ysidro loams. The soil associations in the upland-foothill areas are the Azule-Altamont-Los Gatos-Gaviota complexes. By contrast, the soil of the Santa Clara Valley, the approved viticultural area within which this proposed area is located, is composed primarily of the Yolo and Zamora-Arbuckle-Pleasanton Associations.

Proposed Boundary

The northern, eastern and southern boundaries of the proposed San Ysidro District viticultural area consist primarily of streams and ridges reaching a maximum of 600 feet above sea level. The higher areas of the Diablo Range to the north and east of the boundary are not cultivated. The petitioner presented evidence that Highway 152, used as a

western boundary, had been an Indian trail and a pioneer wagon road. The petitioner stated that the historical tendency of travellers to follow this route derives from the fact that it represents "a natural boundary between drier, upland foothill, and lower, poorly drained valley bottom land. . . ." The boundary of the proposed San Ysidro District viticultural area may be found on four United States Geological Survey maps with a scale of 1:24,000. The boundary is described in proposed § 9.130.

Executive Order 122912

It has been determined that this document is not a major regulation as defined in E.O. 12291 because it will not have an annual effect on the economy of \$100 million or more; it will not result in a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; and it will not have sufficient adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Regulatory Flexibility Act

It is hereby certified that this regulation will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required because the proposal, if promulgated as a final rule, is not expected (1) to have secondary, or incidental effects on a substantial number of small entities, or (2) to impose, or otherwise cause, a significant increase in reporting, recordkeeping, or other compliance burdens on a substantial number of small entities.

Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1980, Public Law 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

ATF requests comments from all interested parties. Comments received on or before the closing date will be carefully considered. Comments received after that date will be given the same consideration if it is practical to do so, but assurance of consideration cannot be given except as to comments received on or before the closing date. ATF will not recognize any comment as

confidential. Comments may be disclosed to the public. Any material which a commenter considers to be confidential or inappropriate for disclosure to the public should not be included in the comment. The name of the person submitting a comment is not exempt from disclosure. Any interested 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 Director, however, reserves the right to determine, in light of all circumstances, whether a public hearing will be held.

Drafting Information

The principal author of this document is Majorie Dundas, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms.

List of Subjects in 27 CFR Part 9

Administrative practices and procedures, Consumer protection, Viticultural areas, and Wine.

Title 27, Code of Federal Regulations, part 9, American Viticultural Areas is amended as follows:

PART 9—AMERICAN VITICULTURAL AREAS

Paragraph 1. The authority citation for part 9 continues to read as follows:

Authority: 27 U.S.C. 205.

Par. 2. The table of sections in subpart C is amended to add the title of § 9.130 to read as follows:

Subpart C—Approved American Viticultural Areas

Sec.	*	*	*	*
9.130	*	*	*	*

Par. 3. Subpart C is amended by adding § 9.130 to read as follows:

Subpart C—Approved American Viticultural Areas

*	*	*	*	*
§ 9.130	*	*	*	*

(a) *Name.* The name of the viticultural area described in this section is "San Ysidro District."

(b) *Approved maps.* The appropriate maps for determining the boundaries of the San Ysidro District viticultural area are four U.S.C.S. Quadrangle (7.5 minute series) maps. They are titled:

(1) Gilroy, Calif., 1955 (photorevised 1981);

(2) Chittenden, Calif., 1955 (photorevised 1980);

(3) San Felipe, Calif., 1955 (photorevised 1971);

(4) Gilroy Hot Springs, Calif., 1955 (photorevised 1971, photoinspected 1978.)

(c) **Boundary.** The San Ysidro District viticultural area is located in a portion of Santa Clara County in the State of California. The boundary is as follows:

(1) The beginning point is the intersection of California State Highway 152 and Ferguson Road with an unnamed wash, or intermittent stream, on the Gilroy, Calif., U.S.G.S. map;

(2) From the beginning point, the boundary follows the wash northeast as it runs co-incident with the old Grant boundary for approximately 3,800 feet;

(3) The boundary then follows the wash when it diverges from the old Grant boundary and continues approximately 2,300 feet in a northeasterly direction, crosses and recrosses Crews Road, then follows the wash southeast until the wash turns northeast in section 35, T.10S., R.4E., on the Gilroy Hot Springs, Calif., map;

(4) The boundary then diverges from the wash, continuing in a straight line in a southeasterly direction, across an unimproved road, until it intersects with the 600 foot contour line;

(5) The boundary then proceeds in a straight line at about the 600 foot elevation in a southeasterly direction until it meets the minor northerly drainage of the San Ysidro Creek;

(6) The boundary then follows the minor northerly drainage of San Ysidro Creek southeast for approximately 2,000 feet to the seasonal pond adjacent to Canada Road;

(7) From the seasonal pond, the boundary follows the southerly drainage of San Ysidro Creek for about 1,300 feet until it reaches the southwest corner of section 36, T.10S., R.4E.;

(8) The boundary then continues in a straight line in a southerly direction across Canada Road for approximately 900 feet until it intersects with the 600 foot contour line;

(9) The boundary follows the 600 foot contour line for approximately 6,000 feet in a generally southeasterly direction, diverges from the contour line and continues southeast another 1,200 feet until it meets an unimproved road near the north end of a seasonal pond on the San Felipe, Calif., U.S.G.S. map;

(10) The boundary follows the unimproved road to Bench Mark 160 at Highway 152.

(11) The boundary then follows Highway 152 in a northwesterly direction across the northeast corner of the Chittenden, Calif., U.S.G.S. map, and

back to the beginning point at the junction of Ferguson Road and Highway 152.

Approved: June 22, 1990.

Daniel R. Black,
Acting Director.

[FR Doc. 90-15349 Filed 7-3-90; 8:45 am]

BILLING CODE 4810-31-M

27 CFR Part 9

[Notice No. 704]

RIN 1512-AA07

The Rogue Valley Viticultural Area (89F-458P); Proposed Establishment

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 the state of Oregon, to be known as "Rogue Valley". This proposal is the result of a petition from Mr. David R. Beaudry, a grape grower in the Jackson County area of southwest Oregon. The establishment of viticultural areas and the subsequent use of viticultural area names in wine labeling and advertising allows wineries to designate the specific areas where the grapes used to make their wines were grown and enables consumers to better identify wines they purchase.

DATES: Written comments must be received by August 20, 1990.

ADDRESSES: Send written comments to: Chief, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms, P.O. Box 385, Washington, DC 20044-0385 (Attn: Notice No. 704). Copies of the petition, the proposed regulations, the appropriate maps, and any written comments received will be available for public inspection during normal business hours at: ATF Reading Room, Office of Public Affairs and Disclosure, Room 4412, Federal Building, 12th and Pennsylvania Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Robert White, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms, 1200 Pennsylvania Avenue, NW., Washington, DC 20226 (202-566-7626).

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 definite viticultural

areas. The regulations 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 ATF-60 (44 FR 56692) which added a new part 9 to 27 CFR, for the listing of approved American viticultural areas.

Section 4.25(a)(e)(1), title 27 CFR, defines an American viticultural area as a delimited grape-growing region distinguishable by geographical features. Section 4.25(a)(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 from Mr. David R. Beaudry, a grape grower in Jackson County, Oregon, proposing an area in the Oregon counties of Jackson and Josephine as a viticultural area to be known as "Rogue Valley". This proposed viticultural area is located in southwest Oregon. There are seven wineries and 49 vineyards located within the Rogue Valley area, with approximately 400 acres of wine grapes. The petition provides the following information as evidence that the proposed area meets the regulatory requirements discussed above.

General Information

The beginning of viticulture in the Rogue Valley can be traced to Peter Britt, who secured cuttings from the mission grapevines of California and by 1858 was making the first wine in the Oregon Territory. He eventually experimented with more than 200