

Impact on Current Wine Labels*General*

Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. With the adoption of this modification of the name for the Santa Rita Hills viticultural area, the abbreviated "Sta. Rita Hills" name will be recognized as a name of viticultural significance. Consequently, wine bottlers using "Sta. Rita Hills" in a brand name, including a trademark, or in another label reference as to the origin of the wine, will have to ensure that the product is eligible to use the viticultural area's name as an appellation of origin. Accordingly, the amended regulatory text set forth below in § 9.162(a) specifies that "Sta. Rita Hills" is a term of viticultural significance for purposes of part 4 of the TTB regulations.

For a wine to be eligible to use as an appellation of origin the name of a viticultural area specified in part 9 of the TTB regulations, at least 85 percent of the grapes used to make the wine must have been grown within the area represented by that name. If the wine is not eligible to use the viticultural area name as an appellation of origin and that name appears in the brand name, then the label is not in compliance and the bottler must change the brand name and obtain approval of a new label. Similarly, if the viticultural area name appears in another reference on the label in a misleading manner, the bottler would have to obtain approval of a new label. Accordingly, if a new label or a previously approved label uses the name "Sta. Rita Hills" for a wine that does not meet the 85 percent standard, the new label will not be approved, and the previously approved label will be subject to revocation.

Different rules apply if a wine has a brand name containing a viticultural area name that was used as a brand name on a label approved before July 7, 1986. See 27 CFR 4.39(i)(2) for details.

Use of the Name "Santa Rita Hills"

Since July 30, 2001, the name of this viticultural area has been expressed as "Santa Rita Hills." After the effective date of this final rule, we will approve wine labels showing "Sta. Rita Hills," and not "Santa Rita Hills," as the viticultural area appellation.

The final rule includes, under our authority pursuant to 27 CFR 13.72(a)(2), a transition period during which vintners may continue to use approved labels that carry "Santa Rita Hills" as the name of the viticultural area. However, one year after the

effective date of that final rule, certificates of label approval showing "Santa Rita Hills" as an appellation of origin will be revoked by operation of that final rule (see 27 CFR 13.51). We have added a statement to this effect as a new paragraph (d) in § 9.162.

Regulatory Flexibility Act

We certify that this regulation will not have a significant economic impact on a substantial number of small entities. This regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area name is the result of a proprietor's efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

Executive Order 12866

This rule is not a significant regulatory action as defined by Executive Order 12866 (58 FR 51735). Therefore, it requires no regulatory assessment.

Drafting Information

Rita Butler of the Regulations and Rulings Division drafted this document.

List of Subjects in 27 CFR Part 9

Wine.

The Regulatory Amendment

■ For the reasons discussed in the preamble, we amend title 27, chapter 1, part 9, Code of Federal Regulations, as follows:

PART 9—AMERICAN VITICULTURAL AREAS

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

Authority: 27 U.S.C. 205.

Subpart C—Approved American Viticultural Areas

■ 2. In subpart C, amend § 9.162 by revising the section heading, revising paragraph (a) and the introductory text of paragraphs (b) and (c), and adding a new paragraph (d), to read as follows:

§ 9.162 Sta. Rita Hills.

(a) *Name.* The name of the viticultural area described in this section is "Sta. Rita Hills". For purposes of part 4 of this chapter, "Sta. Rita Hills" is a term of viticultural significance.

(b) *Approved Maps.* The appropriate maps for determining the boundary of the Sta. Rita Hills viticultural area are five United States Geological Survey (USGS) 7.5 Minute Series maps titled:

* * * * *

(c) *Boundary.* The Sta. Rita Hills viticultural area is located in Santa Barbara County, California. The boundary is as follows:

* * * * *

(d) From July 30, 2001, until January 5, 2006, this viticultural area was named "Santa Rita Hills". Effective January 6, 2006, the name of this viticultural area is "Sta. Rita Hills". Existing certificates of label approval showing "Santa Rita Hills" as the appellation of origin are revoked by operation of this regulation on January 6, 2007.

Signed: August 25, 2005.

John J. Manfreda,
Administrator.

Approved: November 3, 2005.

Timothy E. Skud,
Deputy Assistant Secretary (Tax, Trade, and Tariff Policy).

[FR Doc. 05-23682 Filed 12-6-05; 8:45 am]

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DEPARTMENT OF THE TREASURY**Alcohol and Tobacco Tax and Trade Bureau****27 CFR Part 9**

[T.D. TTB-38; Re: Notice No. 25]

RIN 1513-AA77

Establishment of the Texoma Viticultural Area (2003R-110P)

AGENCY: Alcohol and Tobacco Tax and Trade Bureau, Treasury.

ACTION: Final rule; Treasury decision.

SUMMARY: This Treasury decision establishes the Texoma viticultural area in north-central Texas, in Montague, Cooke, Grayson, and Fannin Counties. The proposed area covers approximately 3,650 square miles on the south side of Lake Texoma and the Red River, along the Texas-Oklahoma Stateline. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

EFFECTIVE DATE: January 6, 2006.

FOR FURTHER INFORMATION CONTACT: Jennifer Berry, Alcohol and Tobacco Tax and Trade Bureau, Regulations and Rulings Division, P.O. Box 18152, Roanoke, VA 24014; telephone 540-344-9333.

SUPPLEMENTARY INFORMATION:

Background on Viticultural Areas

TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (the FAA Act, 27 U.S.C. 201 *et seq.*) requires that alcohol beverage labels provide the consumer with adequate information regarding a product's identity and prohibits the use of misleading information on such labels. The FAA Act also authorizes the Secretary of the Treasury to issue regulations to carry out its provisions. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers these regulations.

Part 4 of the TTB regulations (27 CFR part 4) allows the establishment of definitive viticultural areas and the use of their names as appellations of origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) contains the list of approved viticultural areas.

Definition

Section 4.25(e)(1)(i) of the TTB regulations (27 CFR 4.25(e)(1)(i)) defines a viticultural area for American wine as a delimited grape-growing region distinguishable by geographical features, the boundaries of which have been recognized and defined in part 9 of the regulations. These designations allow vintners and consumers to attribute a given quality, reputation, or other characteristic of a wine made from grapes grown in an area to its geographic origin. The establishment of viticultural areas allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of a viticultural area is neither an approval nor an endorsement by TTB of the wine produced in that area.

Requirements

Section 4.25(e)(2) of the TTB regulations outlines the procedure for proposing an American viticultural area and provides that any interested party may petition TTB to establish a grape-growing region as a viticultural area. Section 9.3(b) of the TTB regulations requires the petition to include—

- Evidence that the proposed viticultural area is locally and/or nationally known by the name specified in the petition;
- Historical or current evidence that supports setting the boundary of the proposed viticultural area as the petition specifies;
- Evidence relating to the geographical features, such as climate, soils, elevation, and physical features,

that distinguish the proposed viticultural area from surrounding areas;

- A description of the specific boundary of the proposed viticultural area, based on features found on United States Geological Survey (USGS) maps; and
- A copy of the appropriate USGS map(s) with the proposed viticultural area's boundary prominently marked.

Texoma Petition and Rulemaking

General Background

The Texoma Appellation Committee, in Denison, Texas, petitioned TTB to establish the "Texoma" viticultural area in north-central Texas. Located along the Texas-Oklahoma Stateline on the south side of Lake Texoma and the Red River, the proposed area covers approximately 3,650 square miles, or about 2.3 million acres, in Montague, Cooke, Grayson, and Fannin Counties. The proposed viticultural area contains four wineries and a number of small vineyards with approximately 55 acres planted to vines. Both native Texas grape varieties and *Vitis vinifera* varieties thrive in the proposed area.

Below, we summarize the evidence presented in the petition.

Name Evidence

The name "Texoma" originates with Lake Texoma, a large man-made lake on the Texas-Oklahoma Stateline. People have referred to the region within the proposed viticultural area as "Texoma" for over 60 years, roughly since the completion of Lake Texoma in 1938. The petition provided numerous examples of the use of the name "Texoma" by businesses and governments serving the four-county (Montague, Cooke, Grayson, and Fannin) region, including the Texoma Regional Health Care System, the Texoma Association of Realtors, and the Texoma Council of Governments.

In addition, an Internet search of the word "Texoma" returned several thousand website listings, with references to Montague, Cooke, Grayson, and Fannin Counties in Texas, as well as the region of south-central Oklahoma bordering Lake Texoma.

Boundary Evidence

The proposed Texoma viticultural area boundary line corresponds to the Texoma region of north-central Texas. The Red River, Lake Texoma, and the Texas-Oklahoma Stateline form the proposed area's northern boundary. The ridge between the Red River drainage basin and the Trinity River drainage basin forms the southern boundary of the proposed area. The Montague

County line forms most of the proposed area's western boundary, while the Fannin County line forms most of its eastern boundary.

Historical evidence in the petition for the proposed boundaries includes the contributions of the Texoma region to world viticulture. Renowned 19th century viticulturalist Thomas Volney (T.V.) Munson chose the Texoma area as the site for his experimental vineyards. An expert on native grape varieties, it was reported that he was particularly excited by the varieties of native grapes found within the region, calling the area his "grape paradise." He developed over 300 new grape varieties from the wild grapes growing along the bluffs of the Red River and its tributaries. Today, the T.V. Munson Memorial Vineyard at Grayson County College in Denison, Texas, carries on Munson's legacy. The vineyard grows 65 of the 300 grape varieties developed by Munson, and the college, unlike most junior colleges in the nation, bestows an associate degree in viticulture.

Because of the importance of native grape species to the viticultural history and identity of the Texoma region, the petitioner bases the southern boundary in part on the distribution of wild grapevines through the area. The proposed Texoma viticultural area southern boundary excludes some southern portions of the four counties since wild grapevines generally do not grow on the south-facing slopes beyond the ridge that divides the Red River and Trinity River drainage basins.

Distinguishing Features

Topography

Much of the terrain in the Texoma region slopes downward and northward toward the Red River. The elevation ranges from a low of 597 feet above sea level in northeast Fannin County to a high of 1,271 feet on ridges in southeast Montague County. Evening breezes off the Texoma bluffs and rolling hillsides temper the intense heat of the day, and cool the vineyards. Numerous small creeks flow northward to Lake Texoma and the Red River throughout the Texoma area. Several varieties of wild grapes grow freely in these creek beds, just as they did in the days of T.V. Munson.

The north-facing slopes (3 percent to 12 percent incline) in the proposed Texoma viticultural area diminish the power of the summer sun and thus provide excellent conditions for vineyards. Recent research indicates that 15-degree north-facing slopes can reduce the sunlight index in June from 107 to 86. (The sunlight index is a scale

measuring the amount of solar radiation received by plants.) This results in significantly less heat stress on the vines. In September, the effect is even greater, with the sunlight index reduced from 122 to 70. The petitioner contrasts the sunlight index with land south of the proposed Texoma viticultural area. For example, in the Dallas-Fort Worth area, the land slopes south, resulting in a much higher sunlight index and greater heat stress on grape vines.

The Texoma area has numerous lakes and ponds, including Lake Texoma, all of which provide ample irrigation sources. The numerous bodies of water also provide sunlight reflection, which helps to ripen grapes. A similar reflective effect occurs in the Finger Lakes region of New York and in the Mosel and Rhine River valleys of Germany. Additionally, gentle breezes off Lake Texoma provide advection warming to the surrounding hillsides during cool autumn nights.

Climate

Nighttime temperatures in the proposed Texoma viticultural area from November through February generally are 5.3 to 6.7 degrees cooler than those in areas to the south and southeast, such as the Dallas-Fort Worth area (which averages 33.6 °F) and Greenville, Texas (which averages 34.9 °F). The nighttime winter temperatures in the Texoma region, ranging in the mid- to upper-20s, are cold enough to kill the insect that spreads the toxic Pierce's disease, but are not cold enough to cause damage to the vines. Vineyards to the south with warmer winter temperatures, specifically in the Dallas-Fort Worth area, typically suffer extensive damage from Pierce's disease.

Areas north and west of the Texoma area, including Oklahoma and northwestern Texas, have winter temperatures that are 4 to 6 degrees colder than in the proposed Texoma viticultural area. Colder temperatures increase the risk of damage to vines. Freeze and thaw cycles in these areas can split vine trunks, while the milder winter temperatures in the Texoma area prevent such damage.

The Texoma region receives an annual rainfall of 30 to 40 inches, which is sufficient when coupled with the ample sources of irrigation in the region. To the west of the Texoma region, the climate is increasingly dry. Wichita Falls, Texas, for example, receives only 28 inches of rain a year, an amount that cannot sustain vineyards. Few sources of water for irrigation, such as Lake Texoma, exist west of the Texoma region. Areas east of the Texoma region receive much heavier rainfall, as much

as 51 inches annually in Texarkana. Such heavy rainfall often results in standing water, which can cause root rot and kill vines.

Soils

The soils found in the proposed Texoma viticultural area differ from the soils in surrounding areas. The proposed Texoma area contains sandy, loamy soils that provide good drainage for vineyards. Conversely, the surrounding areas outside the proposed Texoma viticultural area boundary line contain black-land soils, which do not provide good drainage for vineyards. The sandy soils found in the proposed viticultural area are also a natural deterrent to phylloxera.

The petitioner submitted a detailed soil report on the proposed Texoma viticultural area prepared by a committee of soil scientists consisting of Maurice Jurena and Jerry Rives from the Natural Resources Conservation Service of the U.S. Department of Agriculture, Dr. George McEachern of Texas A&M University, and Dr. Charles E. Pehl, a private consultant. The report lists 36 soil series suitable for viticulture in the proposed area and refers to maps that show these soil series throughout the Texoma area. According to the soil report authors, these soils have the characteristics needed for productive vineyards—good internal drainage, adequate soil depth, and good water-holding capacity. Based on available soil surveys of the region, the soil report authors specify that about one-third of the proposed viticultural area, an estimated 690,000 acres (1,078 sq. miles), should be suitable for productive viticulture. The report describes three soils of particular interest:

The Hicota series consists of fine sandy loams that are deep, moderately well drained, slowly permeable, and have good water holding capacity. These soils are found on the high terraces mainly along the Red River. Formed in loamy alluvium, their slopes range from 0 to 3 percent * * *.

The Freestone series consists of fine sandy loams that are very deep, moderately well drained, slowly permeable, and have good water holding capacity. These soils are found on Pleistocene terraces of remnant terraces on upland positions. Formed in loamy and clayey sediments, their slopes vary from 0 to 5 percent. The soils have aquic soil moisture conditions due to an extremely thin area of ep saturation above the clay layer in the spring at a depth of 20 to 40 inches during most years.

The Frioton series consists of silty clay loams that are very deep, well drained, moderately slowly permeable, with good water holding capacity. Formed in loamy and clayey Pleistocene sediments on nearly level flood plains, their slopes range from 0 to 1 percent. They may be flooded for very brief

periods during the months of February to July.

As additional soil evidence, the petitioner submitted soil survey maps published by the Natural Resources Conservation Service, U.S. Department of Agriculture, for each of the four counties in the proposed area. These maps consistently describe the various soils of the proposed Texoma viticultural area, including those detailed in the soil report submitted with the petition as either "loamy and sandy" or "loamy and clayey."

Boundary Description

See the narrative boundary description of the viticultural area in the regulatory text published at the end of this notice.

Maps

The petitioner(s) provided the required maps, and we list them below in the regulatory text.

Notice of Proposed Rulemaking and Comments Received

On November 30, 2004, TTB published in the **Federal Register** (69 FR 69557) a notice of proposed rulemaking regarding the establishment of the Texoma viticultural area as (Notice No. 25). In that notice, TTB requested comments by January 31, 2005, from all interested persons. TTB received three comments in response.

A Montague County vineyard owner opposed the petition on several grounds. Regarding the petition's name and boundary evidence, the commenter states that his region of Montague County, which is within the proposed viticultural area, is not known by the Texoma name. He also notes that T.V. Munson chose "the Denison area to do his research, not Texoma," a name which "did not exist until 1938." While acknowledging that a north Texas radio station does identify its listening area as "Texoma Land," the commenter states that this name usage is not adequate justification to propose a viticultural area. In addition, the commenter notes the dual Texas/Oklahoma nature of the Texoma name and contends that Oklahoma vineyards "would not want to be confused with Texas vineyards."

The commenter also states that Montague County has two soil types suitable for viticulture, including the Antlers Sands, which, he states, "do not exist in Fannin or Grayson Counties." The comment also contends that the climate and elevation of the proposed area are "simply too diverse" to be included within one viticultural area.

In response to the opposing comment regarding name and boundary evidence,

a petitioner submitted a rebuttal providing additional information to demonstrate the use of the "Texoma" name in Montague County. The petitioner also expressed concern over the accuracy of the opposing comment's soil and climatic information, calling the opposing comment a matter of personal opinion that lacked substantiating facts.

TTB has carefully evaluated these two comments with reference to the submitted supporting information. Regarding the proposed name and boundary evidence, the opposing comment provided no specific evidence to show that Montague County is not part of the generally recognized "Texoma" area. We believe the petitioner's evidence supports the use of the Texoma name in the portion of Montague County that lies within the proposed viticultural area.

In response to the comment regarding T.V. Munson, we note that the purpose of presenting the grape-growing history of a proposed viticultural area is to document previous grape growing in the area. Reference to the innovative individuals responsible for the early plantings in the area is of some historical viticultural interest, but grape-growing history is not an absolute requirement for the establishment of an American viticultural area. In response to the commenter's statements on the subject of Oklahoma vineyards, we note that we did not receive any comments from Oklahoma vineyard industry members regarding the proposed Texoma viticultural area.

We also note that the Montague County soil, elevation, and climate information offered in the opposing comment generally conforms to the overall petition evidence, except for the lower annual precipitation rate in Montague County. TTB believes that the variances referred to by the commenter are minor differences that should not affect the decision on whether to establish the proposed viticultural area. With regard to comments on soils that were submitted, we note that while soil characteristics are an important factor in assessing a proposed viticultural area, it would be overly restrictive and thus inappropriate to require uniformity of soil types throughout a proposed viticultural area.

The third comment expresses concern over a possible name conflict between the proposed Texoma viticultural area and the commenter's planned "Texoma Vineyards" and "Texoma Winery." The commenter supports the viticultural area's establishment as long as his future business is allowed to use the Texoma Vineyard or Texoma Winery

names "in the name and address area of the label" regardless of the wine's origin.

With regard to this third comment, TTB does not believe that the commenter's future winery operations should have any bearing on the establishment of the proposed Texoma viticultural area. We make our decision based on the facts presented to us, not based on hypothetical future events. It was for this purpose that, in the comment notification of Notice No. 25, we specifically invited comments on the impact that the proposed viticultural area might have on an existing (not future) viticultural enterprise. According to the information provided by the commenter, he has not commenced winery operations and has not filed for label approvals using the "Texoma Vineyard" or "Texoma Winery" brand names. In the future, should the commenter wish to bottle and label wine using those names, he must ensure that the wine meets the appellation of origin requirements set forth in 27 CFR part 4 and summarized in the Impact on Current Wine Labels discussion below.

TTB Finding

After careful review of the petition and the comments received, TTB finds that the evidence submitted supports the establishment of the proposed viticultural area. Therefore, under the authority of the Federal Alcohol Administration Act and part 4 of our regulations, we establish the "Texoma" viticultural area in north-central Texas in Montague, Cooke, Grayson, and Fannin Counties, effective 30 days from publication of this document.

Impact on Current Wine Labels

Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. With the establishment of this viticultural area and its inclusion in part 9 of the TTB regulations, its name, "Texoma," is recognized as a name of viticultural significance. Consequently, wine bottlers using "Texoma" in a brand name, including a trademark, or in another label reference as to the origin of the wine, must ensure that the product is eligible to use the viticultural area's name as an appellation of origin.

For a wine to be eligible to use as an appellation of origin the name of a viticultural area specified in part 9 of the TTB regulations, at least 85 percent of the grapes used to make the wine must have been grown within the area represented by that name, and the wine must meet the other conditions listed in

27 CFR 4.25(e)(3). If the wine is not eligible to use the viticultural area name as an appellation of origin and that name appears in the brand name, then the label is not in compliance and the bottler must change the brand name and obtain approval of a new label. Similarly, if the viticultural area name appears in another reference on the label in a misleading manner, the bottler would have to obtain approval of a new label.

Different rules apply if a wine has a brand name containing a viticultural area name that was used as a brand name on a label approved before July 7, 1986. See 27 CFR 4.39(i)(2) for details.

Regulatory Flexibility Act

We certify that this regulation will not have a significant economic impact on a substantial number of small entities. This regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area name is the result of a proprietor's efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

Executive Order 12866

This rule is not a significant regulatory action as defined by Executive Order 12866 (58 FR 51735). Therefore, it requires no regulatory assessment.

Drafting Information

Nancy Sutton of the Regulations and Rulings Division drafted this document.

List of Subjects in 27 CFR Part 9

Wine.

The Regulatory Amendment

■ For the reasons discussed in the preamble, we amend 27 CFR, chapter 1, part 9, as follows:

PART 9—AMERICAN VITICULTURAL AREAS

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

Authority: 27 U.S.C. 205.

Subpart C—Approved American Viticultural Areas

■ 2. Amend subpart C by adding § 9.185 to read as follows:

§ 9.185 Texoma.

(a) *Name*. The name of the viticultural area described in this section is "Texoma". For purposes of part 4 of this chapter, "Texoma" is a term of viticultural significance.

(b) *Approved Maps*. The appropriate maps for determining the boundaries of the Texoma viticultural area are two United States Geological Survey, 1:250,000 scale, topographic maps. They are titled:

(1) Sherman, Texas; Oklahoma, 1954, revised 1977; and

(2) Texarkana, Tex.; Ark.; Okla.; La., 1953, revised 1972.

(c) *Boundary*. The Texoma viticultural area is located in Montague, Cooke, Grayson, and Fannin Counties, Texas. The boundary is defined as follows:

(1) The beginning point is the northwest corner of Montague County (at the Red River, which is also the Texas-Oklahoma State line) on the Sherman map. From this point, the boundary line:

(2) Follows the Red River eastward along the Texas-Oklahoma State line, passes onto the Texarkana map, and continues to the northeast corner of Fannin County; then

(3) Continues southward along the eastern Fannin County line to a point approximately three miles west of Petty, Texas, where a power line shown on the Texarkana map crosses the county line; then

(4) Continues southwest in a straight line for approximately 13 miles to the intersection of State Routes 34/50 and State Route 64 at Ladonia, Texas; then

(5) Follows State Route 34 west to its intersection with State Route 68; then

(6) Continues west-southwesterly in a straight line from that intersection to the intersection of U.S. Highway 69 and State Route 78 at Leonard, Texas, on the Sherman map; then

(7) Continues northwest on U.S. Highway 69 for approximately 6 miles to the intersection of U.S. Highway 69 and State Route 121 at Trenton, Texas; then

(8) Continues westerly in a straight line to the intersection of State Routes 160 and 121, and then continues west on State Route 121 to its intersection with U.S. Highway 75 at Van Alstyne, Texas; then

(9) Continues south along U.S. Highway 75 to the Grayson County line; then

(10) Continues west along the southern Grayson County line and then the southern Cooke County line to the county line's intersection with Interstate 35; then

(11) Continues north along Interstate 35 to its intersection with State Route 922 in Valley View, Texas; then

(12) Follows State Route 922 west for approximately 17 miles to Rosston, Texas; then

(13) Continues west-southwest from Rosston in a straight line for

approximately 19 miles to the intersection of U.S. Highway 287 and State Route 101 at Sunset, Texas; then

(14) Follows U.S. 287 northwest approximately 17 miles to the western Montague County line; and

(15) Continues north along the western Montague County line to the beginning point at the northwest corner of Montague County.

Signed: September 28, 2005.

John J. Manfreda,
Administrator.

Approved: November 3, 2005.

Timothy E. Skud,
Deputy Assistant Secretary (Tax, Trade, and Tariff Policy).

[FR Doc. 05-23683 Filed 12-6-05; 8:45 am]

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DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Part 9

[T.D. TTB-39; Re: Notice No. 38]

RIN 1513-AA94

Establishment of the Ramona Valley Viticultural Area (2003R-375P)

AGENCY: Alcohol and Tobacco Tax and Trade Bureau, Treasury.

ACTION: Final rule; Treasury decision.

SUMMARY: This Treasury decision establishes the 89,000-acre Ramona Valley viticultural area in central San Diego County, California. The proposed area is entirely within the established South Coast viticultural area. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

DATES: *Effective Date:* January 6, 2006.

FOR FURTHER INFORMATION CONTACT: Nancy Sutton, Regulations and Procedures Division, Alcohol and Tobacco Tax and Trade Bureau, 925 Lakeville St., No. 158, Petaluma, California 94952; telephone 415-271-1254.

SUPPLEMENTARY INFORMATION:

Background on Viticultural Areas

TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (the FAA Act, 27 U.S.C. 201 *et seq.*) requires that alcohol beverage labels provide the consumer with adequate information regarding a product's identity and prohibits the use

of misleading information on such labels. The FAA Act also authorizes the Secretary of the Treasury to issue regulations to carry out its provisions. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers these regulations.

Part 4 of the TTB regulations (27 CFR part 4) allows the establishment of definitive viticultural areas and the use of their names as appellations of origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) contains the list of approved viticultural areas.

Definition

Section 4.25(e)(1)(i) of the TTB regulations (27 CFR 4.25(e)(1)(i)) defines a viticultural area for American wine as a delimited grape-growing region distinguishable by geographical features, the boundaries of which have been recognized and defined in part 9 of the regulations. These designations allow vintners and consumers to attribute a given quality, reputation, or other characteristic of a wine made from grapes grown in an area to its geographic origin. The establishment of viticultural areas allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of a viticultural area is neither an approval nor an endorsement by TTB of the wine produced in that area.

Requirements

Section 4.25(e)(2) of the TTB regulations outlines the procedure for proposing an American viticultural area and provides that any interested party may petition TTB to establish a grape-growing region as a viticultural area. Section 9.3(b) of the TTB regulations requires the petition to include—

- Evidence that the proposed viticultural area is locally and/or nationally known by the name specified in the petition;
- Historical or current evidence that supports setting the boundary of the proposed viticultural area as the petition specifies;
- Evidence relating to the geographical features, such as climate, soils, elevation, and physical features, that distinguish the proposed viticultural area from surrounding areas;
- A description of the specific boundary of the proposed viticultural area, based on features found on United States Geological Survey (USGS) maps; and
- A copy of the appropriate USGS map(s) with the proposed viticultural area's boundary prominently marked.