

notice of transferee liability to U at any time on or before May 30 of Year 8 and assess the unpaid liability against U at any time on or before October 27 of Year 8. The result would be the same even if S-1 ceased to exist before March 1 of Year 5, the date P executed the waiver.

(g) *Cross-reference.* For further rules applicable to groups that include insolvent financial institutions, see § 301.6402-7 of this chapter.

(h) *Effective date—(1) Application.* This section applies with respect to taxable years beginning on or after the date final regulations are published in the **Federal Register**.

(2) *Prior law.* For taxable years beginning before the date final regulations are published in the **Federal Register**, see § 1.1502-77A.

Par. 6. Section 1.1502-77T(a) is redesignated as § 1.1502-77A(e) and § 1.1502-77T is removed.

Par. 7. The amendments to § 1.1502-78(a), as contained in the notice of proposed rulemaking (LR-97-79) published in the **Federal Register** on July 31, 1984 (49 FR 30528), are withdrawn.

Par. 8. Section 1.1502-78 is amended as follows:

1. Paragraph (a) is revised.

2. Paragraph (b)(1) is amended by adding the language “for the carryback year (or agent designated under § 1.1502-77(d) for the carryback year)” at the end of the first sentence.

3. In paragraph (c), the last sentence of *Example (1)* is amended by adding the language “for the carryback year” after “parent.”

4. In paragraph (c), the last sentence of *Example (2)* is amended by removing the language “S-1” and adding “P” in its place.

5. In paragraph (c), *Example (3)*, the seventh sentence is amended by removing “Z must” and adding “X must” in its place.

6. Paragraphs (e) and (f) are added.

The revision and additions read as follows:

§ 1.1502-78 Tentative carryback adjustments.

(a) *General rule.* If a group has a consolidated net operating loss, a consolidated net capital loss, or a consolidated unused business credit for any taxable year, then any application under section 6411 for a tentative carryback adjustment of the taxes for a consolidated return year or years preceding such year shall be made by the common parent corporation for the carryback year (or agent designated under § 1.1502-77(d) for the carryback year) to the extent such loss or unused business credit is not apportioned to a

corporation for a separate return year pursuant to § 1.1502-21(b), 1.1502-22(b), or 1.1502-79(c). In the case of the portion of a consolidated net operating loss or consolidated net capital loss or consolidated unused business credit to which the preceding sentence does not apply and which is to be carried back to a corporation that was not a member of a consolidated group in the carryback year, the corporation to which such loss or credit is attributable shall make any application under section 6411. In the case of a net capital loss or net operating loss or unused business credit arising in a separate return year which may be carried back to a consolidated return year, after taking into account the application of § 1.1502-21(b)(3)(ii)(B) with respect to any net operating loss arising in another consolidated group, the common parent for the carryback year (or agent designated under § 1.1502-77(d) for the carryback year) shall make any application under section 6411.

* * * * *

(e) *Cross-reference.* For further rules applicable to groups that include insolvent financial institutions, see § 301.6402-7 of this chapter.

(f) *Effective date—(1)* In general. This section applies to taxable years to which a loss or credit may be carried back and for which the due date (without extensions) of the original return is after the date final regulations are published in the **Federal Register**.

(2) *Prior law.* For taxable years to which a loss or credit may be carried back and for which the due date (without extensions) is on or before the date final regulations are published in the **Federal Register**, see § 1.1502-78 in effect prior to the date final regulations are published in the **Federal Register**, as contained in 26 CFR part 1 revised as of April 1, 2000.

Robert E. Wenzel,

Deputy Commissioner of Internal Revenue.

[FR Doc. 00-24039 Filed 9-25-00; 8:45 am]

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DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 9

[Notice No. 903]

RIN 1512-AA07

California Coast Viticultural Area (2000R-166P)

AGENCY: Bureau of Alcohol, Tobacco and Firearms (ATF), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Bureau of Alcohol, Tobacco and Firearms (ATF) has received a petition proposing the establishment of a viticultural area located along the coast of California. The proposed California Coast viticultural area would consist of 22,000 square miles, or 14 million acres of that land which the petitioner states is subject to maritime influences and which is warm enough for commercial premium winegrape growth.

DATES: Written comments must be received by December 26, 2000.

ADDRESSES: Send written comments to: Chief, Regulations Division, Bureau of Alcohol, Tobacco and Firearms, P.O. Box 50221, Washington, DC 20091-0221 (Attn: Notice No. 903). 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 6480, 650 Massachusetts Avenue, NW, Washington, DC 20226

FOR FURTHER INFORMATION CONTACT: Tom Busey, Regulations Division, Bureau of Alcohol, Tobacco and Firearms, 650 Massachusetts Avenue, NW, Washington, DC 20226 (202) 927-8095.

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 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 Title 27, CFR, 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 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 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 characteristics (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 features which can be found on United States Geological Survey (U.S.G.S.) maps of the largest applicable scale; and

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

Petition

The Bureau of Alcohol, Tobacco and Firearms (ATF) has received a petition from the "California Coast Alliance" proposing the establishment of a viticultural area located along the coast of California. It would include and join together currently established "coast" viticultural areas but would not cover the entire California Pacific coast. The proposed California Coast viticultural area would consist of 22,000 square miles, or 14 million acres of that land which the petitioner states is subject to maritime influences and which is warm enough for commercial premium winegrape growth. This proposed viticultural area would be consistent in size with other large areas (i.e. the Ohio River Valley, containing approximately 30,000 square miles, the Texas Hill Country, consisting of 15,000 square miles, and the Texas High Plains containing approximately 12,000 square miles).

Label Issue

Presently there are a number of wineries that use the term "Coastal" as additional information on their wine labels. ATF has no formal definition or criteria for the use of this term. These wine labels may also bear a recognized appellation such as "California." The question that now arises is, if this viticultural area is approved, would ATF consider a label bearing the designation "California Coast" (as a viticultural area designation) and another label stating "California" as the appellation in direct conjunction with the term "Coastal" to be confusing. Would the establishment of this viticultural area foreclose the use of the term "Coastal" on labels not eligible for this viticultural area designation? The petitioners themselves have suggested that the *unregulated* use of the term "Coastal" on a label bearing the appellation California is misleading to

the consumer. ATF is looking for specific comments on this situation and how the approval of this viticultural area should effect the future use of the term "Coastal."

Evidence That the Name of the Area Is Locally or Nationally Known

According to the petitioners, the name, "California Coast" is universally recognized. The petitioners point out that on a map of California, the state has, on the western edge, one long rugged coastline next to a relatively narrow area of flatter land, which is itself bordered, on the east, by a long, nearly continuous string of mountains known as the Coast Ranges. The other side of the Coast Ranges is accompanied by a long, north-south, interior strip of continental mass distinguished by the hot Central Valley and, east of that basin, the high peaks of the Sierra Nevada Range. The petitioners cite numerous books referring to "the California Coast" and the "California Coastal" region.

The petitioners claim that substantial evidence supports the common, widespread, and historical usage of the "California Coast" name and demonstrates that the term "California Coast" is sometimes used to cover the entire California coastal area from Mexico up to Oregon, and is sometimes used to cover much smaller portions of the coastal area of the state, depending on the subject matter at hand. Finally, the petitioners point out that of all the documentation reviewed for this petition, none of it includes in the description of "Coast" areas, any portion of California which is east of the California Coast, Transverse, and Peninsular Ranges.

Proposed Limitations on the Proposed Viticultural Area

The petitioners cite several references that support the early production of wines in missions which extended along the California Coast and fall within the boundaries of this proposed AVA. The historical evidence indicates the establishment of a chain of missions by the Spanish Franciscan monks extending from San Diego to their northernmost mission in Sonoma County but not all the way up the northern part of the coast of California. The petitioners have presented considerable evidence tracing the roots of this grape growing and wine production from the early settling of these missions along the California coast (A History of Wine in America by Thomas Pinney). There are many references in historical books written by noted wine experts that support the

early production of wines in these missions which extended along the California Coast and fall within the boundaries of this AVA (see historical discussions by wine experts in *The Wine Regions of America*, by John J. Baxevanis (Vinifera Wine Journal 1992) at 257–8; *Winemaking in California*, by Teiser and Harroun (McGraw-Hill 1983) at 1–3; *General Viticulture*, by A.J. Winkler at 2–4; *The World Atlas of Wine*, by Hugh Johnson at 226; and *Wine*, by Amerine and Singleton (U.C. Press 1977) at 281–3.) In addition, the petitioners seek to coordinate the proposed "California Coast" viticultural area with the existing boundaries of the current North, Central, South, and Sonoma Coast viticultural areas in California along with the previously unconnected coastal areas which link the existing "Coast" viticultural areas. According to the petitioners, the northern, southern, and eastern boundaries set by these "Coast" viticultural areas correspond with the unique Mediterranean coastal climate which permits the commercial growth of premium winegrapes in the coastal area of California. Moreover, according to the petitioners, above the North Coast viticultural area northern boundary, the area becomes subject, to a higher degree, to the Arctic storm pattern and can no longer be characterized as "Mediterranean." The petitioner states that this marine-influenced climate extends west to east from the shoreline to the first large barrier to marine influence, or the California Coast Ranges. The petitioners note that evidence must be provided to establish that "the name is locally and/or nationally known as referring to the area specified in the appellation," not that a name for a viticultural area be locally or nationally known within the wine industry. The petitioners state that the name "California Coast" not only refers to the dominant physical characteristic of the petitioned area and to the name for which the area is best known, but corresponds directly to California wine history, climate data, and relevant information from wine experts.

According to the petitioner, because of the climate data and the historical distinctions of the proposed area, it is logical to end the "California Coast" viticultural area at the same point as the North Coast viticultural area. The petitioners do not feel that the name is misleading for not covering the area north of Mendocino County, since this term has been used by many others to cover several different portions of the California coast, as well as the entire coastline. The petitioners believe that if

this could be considered misleading, then the North Coast viticultural area must also be renamed, because it stops at the identical location in Mendocino County and does not cover the entire area of the northern coast of California.

The petitioners apply the same logic to the consideration of the appropriate eastern boundary of the proposed "California Coast" viticultural area. The petitioners seek to establish the proposed area at exactly the same eastern boundaries as the North Coast, Central Coast, and the South Coast (with areas of joinder in between).

Historical or Current Evidence That the Boundaries of the Viticultural Area Are as Specified in the Petition

According to the petitioners, there is a definite and clear historical basis for establishing the proposed "California Coast" viticultural area. The petitioners claim that not only are there clear and important historical events which tie this area together, but these events are directly linked to the development of grape cultivation and to the beginning of the wine industry in the coastal regions of California, and directly correspond to the proposed area. According to the petitioner, the geographical area of "missionized" California very nearly matches the petitioned area. The petitioner claims that the mission chain formed the backbone for California's historical heritage, and is well known even today. The petitioners provided references relating to historical discussions by wine experts.

According to the petitioner, the history of California, and of its winemaking industry, have been deeply affected by its long Pacific coastline and its mild coastal weather. According to the petitioner, the area along the coast subject to "complete missionization" was the only area in which grapes were grown for the production of wine, and was the only area where California wines were available for 65 years.

Today, according to the petitioners, the area included within the proposed "California Coast" boundaries contains more than 468 wineries and well over 145,000 acres of vineyards. The petitioners state that wineries and winegrape vineyards abound up and down the "California Coast" area in varying densities, hampered only by a few localized and inhospitable extreme marine microclimates, some very steep elevations in the coastal hills, and by the state's population centers.

According to the petitioners, these areas, known as coastal regions, all have very similar weather patterns, typified by cooling ocean breezes and fogs moving inland from the west, until they

reach the barrier presented by the California Coast Ranges. The petitioners state that these same general climatic patterns prevail to support the growth of the many varietal grapes which are used to produce premium dry wines.

Existing Coast Boundaries

The petitioners are proposing to retain the same eastern boundaries for the proposed "California Coast" viticultural area as the current three "Coast" viticultural area boundaries and to unify these boundaries by filling in the areas between the North and Central Coasts, and between the Central Coast and the South Coast viticultural areas.

In order to complete the closure of the area between the North and the Central Coasts, the petitioners propose including those counties that are included in the San Francisco Bay viticultural area and the recently expanded Central Coast viticultural area. See, 27 CFR 9.75 and 9.157. This includes all of San Francisco, San Mateo, Santa Clara, Alameda, and Contra Costa counties. The petitioners are incorporating into the "California Coast" petition the reasoning of the San Francisco Bay and the amended Central Coast petition in seeking to include the same geographical area in the proposed "California Coast" viticultural area. See, 64 FR 3015 (Jan. 20, 1999). In addition, the petitioners are proposing to include the entire Marin County since it has the same general geography and coastal climate as the counties in the rest of the "Coast" viticultural areas. According to the petitioners, Marin County is affected by the ocean both by its long coastline, and also by its border on the San Francisco Bay. In support of this proposal, the petitioners cite The Wine Spectator's Wine Country Guide to California. This guide includes Marin County in its wine map of the San Francisco Bay area. Finally, the petitioners claim that the information found in the San Francisco Bay petition and supporting documents provides justification for placing Marin County fully into the proposed "California Coast" viticultural area. In the San Francisco Bay and Central Coast proposals, the Central Coast AVA is extended north to the Golden Gate Bridge, the northern edge of San Francisco County. According to the petitioners, Marin County, which has traditionally been considered part of the north coast area, is partially excluded from the North Coast viticultural area and completely excluded from the San Francisco Bay viticultural area. The petitioners feel that there are no practical or logical reasons to exclude Marin County from the proposed

"California Coast" viticultural area since it has historical and present-day wine industry presence and virtually identical climate.

The proposed eastern boundary line, between the North Coast viticultural area and the San Francisco Bay viticultural area, would connect the towns Fairfield and Martinez by recognizable boundary markers. The rest of the boundary gap would follow the alignment of the Central Coast AVA and the same line as the San Francisco Bay viticultural area.

Between the Central and South Coast viticultural areas, the western boundary would follow the coastline between the two existing viticultural areas. The eastern boundary would take in the Oxnard/Malibu/Los Angeles/San Gabriel/Pasadena/Anaheim area. In addition, the petitioners feel that it is important to include the Los Angeles area in the proposed "California Coast" AVA because of this region's preeminence as the birthplace of the California wine industry, and because of its strong performance into this century as a producer of wines.

Evidence Relating to the Geographical Features (Climate, Soil, Elevation, Physical Features, Etc.) Which Distinguish Viticultural Features of the Proposed Area From Surrounding Areas

According to the petitioner, the land within the proposed "California Coast" viticultural area possesses a similar climate and geography along its length, in that this area is strongly affected by its proximity to coastal climate patterns, and shares the Mediterranean pattern of wet winters, dry summers, and cool marine influence. Climate and geography are deeply interconnected along the California coast. The petitioners stated that there is a great difference between the geography and climate of the coast area and the inland parts of California. Because of the geological barriers presented by the topography of California, the climate patterns tend to run west to east, depending upon their proximity to the ocean, and are not so much a function of north-south latitude as is true in most of the rest of the country.

The petitioners state that the California coast was created through several different processes: geologic upheaval, the draining of a large inland sea, and marine terracing. As a result, there is a great variety of different types of rocks and soils along the entire coastline. Variations are great even in very short distances along in the coast area, and within each of the existing "Coast" viticultural areas. The

petitioners cite various references including Professor A. J. Winkler indicating that a number of grape varieties of the highest quality produce excellent wines when grown on a number of quite different soil types with climate being the largest determinant variable.

As an example, the petitioners cite Napa Valley as geographically containing an incredible mix of soil series varying dramatically between its southern and northern boundaries. The petitioners state that Napa Valley contains 36 soil series within its boundaries. The petitioners also cite the Alexander Valley viticultural area, containing 30 soil series.

As additional support, the petitioners note the strongly distinguished soils of the Central Valley, on the eastern side of the California Coast Ranges. This former inland sea, possesses highly fertile land. The soil is now rich river deposit, fertile and flat. According to the petitioners, these conditions are totally different in the Central Valley from those among the coastal hills. The Central Valley soils, combined with the very hot summers in the Valley, cause the grape vines to "go into overdrive producing excessive foliage and bland grapes."

According to the petitioners, the soils information provides certain consolidating evidence as to the acidic soils of the coast and their distinction from the kinds of soils found in the Central Valley, while the geological data very strongly establishes the existence of a distinct coast of California, with a unique history, and entirely distinguishable land formations.

Climate of the California Coast

According to the petitioners, the coast of California has a unique climate in the United States and in most of the world, and despite its size, can specifically be distinguished from the surrounding areas. Further, the petitioners state that it is directly a result of the climate that the California coast has been demarked by enologists, vintners, and wine writers as a source of most of the premium varietal grapes in the United States, in contrast with the Central Valley, which lies on the far side of the Coast Ranges. According to the petitioners, most American enologists agree that climate has the greatest influence on the quality of wines produced in a particular area.

The California coast climate is generally classified as Mediterranean. According to the petitioners, only one percent of the world has this climate, and the area consisting of approximately the lower two thirds of the California coast is the only part of the United

States that has this climate. The main reasons for this are the effects of the ocean itself, the existence of the "Pacific High" off the California coast, and the inland barrier presented by the coastal mountain chains. According to Weather of Southern California by Harry P. Bailey, "It is highly significant that all areas of Mediterranean climate are located between the 30th and 45th parallels of latitude, and are on the western borders of the land masses of which they are a part." The proposed viticultural area would lie between the 32nd and 39th parallels of latitude.

According to the petitioners, the Pacific Ocean water cools and heats more slowly than land. It raises air temperatures in the winter and lowers them in the summer. Thus, the coast never becomes as hot or cold as regions several miles to the east. According to the petitioners, summer weather results in an often foggy coast, while it is hot in the Central Valley. Places near the coast experience remarkably uniform temperatures while the inland areas (such as San Joaquin Valley) are out of the fogs, and temperature ranges broaden considerably.

The petitioners state that the California coast is not cooled by sea air alone. The California Current, which runs southward along the coastline, brings cold waters from the north. Beginning in about March, the California current is driven offshore resulting in the dense morning fogs pulled inland by the rising heat of the Central Valley. This same effect occurs up and down the coast, although Southern California is tempered by warmer air from the south.

According to the petitioners, late in the Fall, the ocean reaches its peak temperatures, and the Pacific High begins to weaken and to move south with the seasonal path of the sun, ceasing its cooling effect on the California coast area. The extreme Central Valley temperature drop, and the cessation of cold bottom water upwelling along the coast, contributes to the coastal fog bank no longer occurring. The cool coastal summer weather pattern breaks, and the grape harvest takes place during the sunny September and October months.

According to the petitioners, the whole proposed "California Coast" area has a very similar air-conditioned climate. Further, temperatures over the ocean vary less than over the land, and the prevailing westerly winds give the California coast relatively moderate temperatures year round. The petitioners state that it is the location of the land near the coast that distinguishes the temperate climate, as

opposed to the latitudinal location of a portion of the coast. In other words, San Diego is closer to San Jose in climate than it is to the hot Central Valley, because of its location on the coast.

According to the petitioners, the distinction between the land from Mendocino County south, and the far northern coast above that spot, results from the strong polar air mass which moves down from Alaska through Washington, Oregon, and into the top portion of Northern California. Because of the presence of the much colder polar air in the northernmost part of California, the northern line of the existing North Coast viticultural area generally is the upper limit to the Mediterranean climate. The wetter climate similar to western Washington extends down along the Coast Ranges well into California, with rainfall decreasing in a southerly direction. The petitioners cite The Wine Regions of California, indicating that the climatic "line" is drawn at the top of Mendocino County, since the two dominating agricultural climates (Mediterranean and desert) are distinguished from the humid upland climate (north of Mendocino County). In addition, The Wine Atlas of California notes that Lake and Mendocino Valleys sit at the edge of the Aleutian winter storm track. For this same reason, the petitioners propose limiting the California Coast AVA to the same northern line as the existing North Coast viticultural area.

According to the petitioners, late in the Spring, masses of air are pushed from behind by the Pacific High, and pulled up from the land by the heating of the Central Valley and other warm inland areas. This air mass begins to move toward the land with increasing speed. Because of the Coriolis effect, the air turns, and when it hits the western edge of the land, the air moves from a north-westerly direction, often parallel to the slant of the coastline. This air is prevented from moving inland by the wall of the Coast Range, and moves south down the coast and into any openings or valleys along the coast. According to the petitioners, the air is cooled off after it hits the upwelling cold ocean water, and so cools the California coast as well with the fog drying out as it moves inland and as the air warms.

According to the petitioners, the Coast Ranges generally contain the cool oceanic breezes and the moist fog along the coastline to the west of the mountains. The petitioners state that the influence of the California coast diminishes rapidly as the marine air reaches the physical barrier of the Coast Ranges in the north, and the Transverse

and Peninsular Ranges in the south. The petitioners cited, The Weather of Southern California, which graphically demonstrates that the coastal sector, or the western side of the mountains, is substantially wetter, cooler, and cloudier than the interior. The petitioners state that these mountains also greatly reduce the amount of precipitation east of their crests, and tend to cause the rain to fall on the westerly slopes.

According to the petitioners, regions of the coast have climates markedly different than interior climates found at the same latitude. As the exhibits displaying the cutaway views of the coast of California demonstrate, the marine air crosses the flatter strip of land next to the ocean, and generally is stopped by the first significant barrier that it reaches. In the case of the coast of California, the first significant barrier that is reached along the coast is the upper elevations of the Coast Ranges. As the above discussion of the Pacific High displays, the cool air moves south along the Coast Ranges, and into the valleys and gaps along the coast.

The petitioners state that, by contrast, the Central Valley lies away from the climate influences of the coast. The influence of the coast diminishes rapidly as the marine air reaches the physical barrier of the Coast Range. As the marine air crosses the flatter strip of land next to the ocean, it is generally stopped by the first significant barrier that it reaches, which is the upper elevations of the coastal mountain ranges. This explains why the coast sector, or the western side of the mountains, is substantially wetter, cooler, and cloudier than the interior. Coastal regions have climates markedly different than interior climates found at the same latitude.

In comparison, the Central Valley lies on the far side of the Coast Ranges. Far inland from marine influence, the Central Valley is warmer than the coast in summer and colder in winter. Thus, the petitioners state that the climatic contrast between the coast and interior is marked in California.

According to the petitioners, the proposed California Coast viticultural area has "coastal Mediterranean" climatic characteristics: the cool summer weather reaches maximum warmth in September; the winters are wet, mild, and relatively frost-free; and the temperature fluctuations are minimal. The summers are generally dry, with a high percentage of sunny days. According to the petitioners, the coast has higher humidity year-round, while places farther from the ocean will tend to have less of a damp, marine

climate and more of a dry, continental climate.

The petitioners state that this weather pattern is quite special, for the world distribution of the Mediterranean climate is sparse.

According to the petitioners, the Coast Range mountains catch the coastal moisture, permitting the Pacific Ocean to dominate the climate on the western side of the Coast Ranges. The moist air crosses the coastal strip and pushes up the mountain slopes, and its moisture is squeezed out as rain (occasionally snow at the highest elevations). Once over the top, the air is dry and warms rapidly as it drops down into the Central Valley. According to the petitioners, during the Summer, the dry heat of the Central Valley acts as a vacuum, sucking the cool marine air through the San Francisco Bay and other smaller gaps in the coastal mountain ranges. The petitioners state that this is one of the reasons that the cool westerly winds keep the California coast air-conditioned.

According to the petitioners, the same general pattern is followed in southern California. The petitioners state that as with the northern California coast climate, "the climate becomes warmer, drier, and more sunny as distance from the coast increases. These tendencies, though, are true only for lowlands. If the sea-to-interior movement involves crossing mountains, as it must with only a few exceptions, then the effects of altitude are also encountered." And, as with the northern California coast, the southern California coast is known for its Mediterranean climate. "It is a common misconception that north means cool and south means hot. California's temperatures do not depend on latitude but on an area's proximity to the coast. There are parts of southern California, around San Diego, that are cooler than the Sacramento Valley in northern California." The petitioners cite Grossman's Guide to Beer, Wine, and Spirits, for this statement. Thus, according to the petitioners, although Southern California is generally warmer than Northern California, the coast of the state which possess the Mediterranean climate possess substantially common characteristics which are not shared by the rest of the state, and which are extremely significant for winegrape growing purposes.

The petitioners claim that the cooling wind flow pattern is also reflected by precipitation and temperature. According to the petitioners, Coastline valleys are characterized by a gradual decrease in humidity as the marine air travels away from the coast.

Some of the most complete temperature data is collected and stored at the Western Regional Climate Center (WRCC). This Federal government entity is the repository for weather data collected by the National Weather Service (NWS), an agency within the National Oceanic and Atmospheric Administration (NOAA). Since the time that this cooperative observer network has collected data, there have been over 3,000 stations that have contributed data. Some of the data available from the WRCC reports degree days using various base temperatures ranging from 50 °F to 65 °F. The petitioners used a base temperature of 50 °F, as Professor Winkler did for his computations, to closely approximate cumulative results for grapes. They totaled the data extracted from the WRCC database adjusted for the time period of April 1st through November 1st for stations both inside and outside the proposed AVA. They then applied this data to each station, after plotting these stations using their latitude and longitude coordinates, and then overlaid the information on a map of California which is part of this petition. This map illustrates that the California Coast area is cooler than the inland areas when using the five degree day ranges.

Public Participation—Written Comments

In accordance with ATF regulations at 27 CFR 9.3, ATF requests comments from all interested persons, as to whether it should establish the California Coast viticultural area in accordance with the above described petition submitted by the "California Coast Alliance." Because geographic features, including climate, which distinguish the viticultural features of the proposed area from the surrounding areas is an important consideration in establishing a viticultural area, ATF is especially interested in comments on this topic, particularly on whether the climate within the proposed viticultural area is distinctive. 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. However, assurance of consideration can only be given to comments received on or before the closing date.

ATF will not recognize any submitted material as confidential and comments may be disclosed to the public. Any material that the commenter considers to be confidential or inappropriate for disclosure to the public should not be included in the comments. The name of

the person submitting a comment is not exempt from disclosure.

Comments may be submitted by facsimile transmission to (202) 927-8602, provided the comments: (1) Are legible; (2) are 8½" × 11" in size, (3) contain a written signature, and (4) are three pages or less in length. This limitation is necessary to assure reasonable access to the equipment. Comments sent by FAX in excess of three pages will not be accepted. Receipt of FAX transmittals will not be acknowledged. Facsimile transmitted comments will be treated as originals.

Any person who desires an opportunity to comment orally at a public hearing on the proposed regulation should submit his or her request, in writing, to the Director within the 60-day comment period. The Director, however, reserves the right to determine, in light of all circumstances, whether a public hearing will be held.

Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3507 (j)) and its implementing regulations, 5 CFR part 1320, do not apply to this notice because there are no new or revised recordkeeping or reporting requirements being proposed. No new requirement to collect information is proposed.

Regulatory Flexibility Act

It is hereby certified that this proposed regulation will not have a significant economic impact on a substantial number of small entities. Any benefit derived from the use of a viticultural area name is the result of the proprietor's own efforts and consumer acceptance of wines from a particular area. No new requirements are proposed. Accordingly, a regulatory flexibility analysis is not required.

Executive Order 12866

It has been determined that this proposed regulation is not a significant regulatory action as defined in Executive Order 12866. Accordingly, this proposal is not subject to the analysis required by this Executive order.

Drafting Information

The principal author of this document is Tom Busey, Regulations Division, Bureau of Alcohol, Tobacco and Firearms.

List of Subjects in 27 CFR Part 9

Administrative practice and procedure, Consumer protection, and Wine.

Authority and Issuance

Title 27, Code of Federal Regulations, Part 9, American Viticultural Areas, is proposed to be 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.

Subpart C—Approved American Viticultural Areas

Par. 2. Subpart C is amended by adding § 9.171 to read as follows:

* * * * *

§ 9.171 California Coast.

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

(b) *Approved maps.* The appropriate maps for determining the boundary of the California Coast viticultural area are the following sixty-two U.S.G.S. Topographic maps. They are titled:

- (1) Santa Rosa, dated 1958, (Revised 1970).
- (2) San Francisco, dated 1956, (Revised 1980).
- (3) Santa Ana, dated 1959, (Revised 1979).
- (4) San Luis Obispo, dated 1956, (Revised 1969).
- (5) Monterey, dated 1974.
- (6) San Diego, dated 1958, (Revised 1978).
- (7) San Bernardino, dated 1958, (Revised 1969).
- (8) Los Angeles, dated 1975.
- (9) Santa Maria, dated 1989.
- (10) Long Beach, dated 1957, (Revised 1978).
- (11) Aetna Springs, dated 1958, (Revised 1992).
- (12) Albion, dated 1960.
- (13) Altamont, dated 1953, (Revised 1981).
- (14) Arched Rock, dated 1977.
- (15) Bartlett Mtn., dated 1958, (Revised 1994).
- (16) Bodega Head, dated 1972.
- (17) Brushy Mtn., dated 1966, (Revised 1994).
- (18) Burbeck, dated 1991.
- (19) Byron Hot Springs, dated 1953, (Revised 1968).
- (20) Calaveras Reservoir, dated 1961, (Revised 1980).
- (21) Chiles Valley, dated 1966, (Revised 1994).
- (22) Clayton, dated 1953, (Revised 1980).
- (23) Clearlake Oaks, dated 1958, (Revised 1994).
- (24) Diablo, dated 1953, (Revised 1980).

- (25) Duncans Mills, dated 1979.
 - (26) Elk Mountain, dated 1967, (Revised 1973).
 - (27) Fairfield North, dated 1951, (Revised 1980).
 - (28) Fairfield South, dated 1949, (Revised 1980).
 - (29) Fort Bragg, dated 1960, (Revised 1978).
 - (30) Fort Ross, dated 1978.
 - (31) Gilroy, dated 1955, (Revised 1993).
 - (32) Gilroy Hot Springs, dated 1955, (Revised 1971).
 - (33) Gualala, dated 1960, (Revised 1977).
 - (34) Honker Bay, dated 1953, (Revised 1980).
 - (35) Jericho Valley, dated 1958, (Revised 1993).
 - (36) La Costa Valley, dated 1996.
 - (37) Lake Berryessa, dated 1959, (Revised 1993).
 - (38) Lick Observatory, dated 1955, (Revised 1968).
 - (39) Lower Lake, dated 1993.
 - (40) Mallo Pass Creek, dated 1960, (Revised 1977).
 - (41) Mendenhall Springs, dated 1996.
 - (42) Mendocino, dated 1960, (Revised 1978).
 - (43) Monticello Dam, dated 1959, (Revised 1993).
 - (44) Morgan Hill, dated 1955, (Revised 1980).
 - (45) Mt. Sizer, dated 1955, (Revised 1971).
 - (46) Mt. Vaca, dated 1951, (Revised 1968).
 - (47) Northspur, dated 1991.
 - (48) Plantation, dated 1977.
 - (49) Point Arena, dated 1960, (Revised 1978).
 - (50) Potter Valley, dated 1960.
 - (51) Sanhedrin Mtn., dated 1966, (Revised 1994).
 - (52) San Jose East, dated 1961, (Revised 1980).
 - (53) Saunders Reef, dated 1960, (Revised 1977).
 - (54) Stewarts Point, dated 1978.
 - (55) Tassajara, dated 1991.
 - (56) Three Sisters, dated 1954, (Revised 1971).
 - (57) Upper Lake, dated 1991.
 - (58) Van Arsdale Reservoir, dated 1991.
 - (59) Vine Hill, dated 1959, (Revised 1980).
 - (60) Walter Springs, dated 1959, (Revised 1992).
 - (61) Wildomar, dated 1953, (Revised 1988).
 - (62) Willis Ridge, dated 1966, (Revised 1994).
- (c) *Boundary.* The California Coast viticultural area is located along the Pacific Ocean coast of the State of California.

(1) The beginning point is found on the "Bodega Head" Quadrangle at the point where the Sonoma County and Marin County boundary joins the Pacific Ocean;

(2) Then Northwest following the Pacific Ocean Shoreline, crossing the Duncans Mills, Arched Rock, Fort Ross, Plantation, Stewarts Point, Gualala, Sanders Reef, Point Arena, Mallo Pass Creek, Albion, Mendocino Quadrangles to the mouth of the Noyo River on the Fort Bragg Quadrangle;

(3) Then east following the Noyo River, crossing the Northspur Quadrangle to the confluence with Redwood Creek on the Burbeck Quadrangle;

(4) Then northeast on a straight line for approximately 17.6 miles; crossing the Willis Ridge Quadrangle, to the peak of Brushy Mountain (elevation 4,864 feet) on the Brushy Mountain Quadrangle;

(5) Then southeast in a straight line for approximately 9.4 miles to the peak of Sanhedrin Mountain (elevation 6,175 feet) on the Sanhedrin Mountain Quadrangle;

(6) Then southeast in a straight line for approximately 12.1 miles to the peak of Pine Mountain (elevation 3,746 feet) on the Van Arsdale Reservoir Quadrangle;

(7) Then southeast in a straight line for approximately 11.2 miles, crossing the Potter Valley and Elk Mountain Quadrangles to Youngs Peak (elevation 3,683 feet) on the Upper Lake Quadrangle;

(8) Then southeast on a straight line for approximately 8.0 miles to Pinnacle Rock Lookout (elevation 4,618 feet) on the Bartlett Mountain Quadrangle;

(9) Then southeast in a straight line for approximately 5.0 miles, crossing the Bartlett Springs Quadrangle, to Evans Peak (elevation 4,005 feet) on the Clearlake Oaks Quadrangle;

(10) Then southeast in a straight line for approximately 5.5 miles to the peak of Round Mountain on the Clearlake Oaks Quadrangle;

(11) Then southeast in a straight line for approximately 6.6 miles to Bally Peak (elevation 2,288 feet) on the Lower Lake Quadrangle;

(12) Then southeast in a straight line for approximately 5.0 miles to the peak of Brushy Sky High Mountain (elevation 3,196 feet) on the Lower Lake Quadrangle;

(13) Then southeast for approximately 11.4 miles following Putah Creek to the boundary between Napa and Lake Counties on the Jericho Valley Quadrangle;

(14) Then southeast, crossing the Aetna Springs Quadrangle, following

Putah Creek to the west shore of Lake Berryessa on the Walter Springs Quadrangle;

(15) Then south and east following the shore of Lake Berryessa, crossing the Chiles Valley and Berryessa Quadrangles to the Monticello Dam at the eastern end of Lake Berryessa on the Monticello Dam Quadrangle;

(16) Then south following the boundary between Napa and Solano Counties to the extreme southeastern corner of Napa County on the Fairfield North Quadrangle;

(17) Then south in a straight line approximately 5.5 miles to the junction with the Southern Pacific in Suisun City on the Fairfield South Quadrangle;

(18) Then south and west crossing the Cine Hill Quadrangle, following the Southern Pacific Railroad double track to its intersection with Suisun Bay on the Benicia Quadrangle;

(19) Then southeast following Highway 21 across the Suisun Bay to its intersection with the south shore of Suisun Bay on the Vine Hill Quadrangle;

(20) Then east along the shoreline to a point marked BM 15 on the shoreline of Contra Costa County on the Vine Hill Quadrangle;

(21) Then, from this point, the boundary proceeds in a southeasterly direction on a straight line across the Honker Bay map to Mulligan Hill (elevation 1,438 feet) on the Clayton Quadrangle;

(22) Then the boundary proceeds in a southeasterly direction in a straight line to Mt. Diablo (elevation 3,849 feet) on the Clayton Quadrangle;

(23) Then the boundary proceeds in a southeasterly direction in a straight line across Diablo and Tassajara maps to Brushy Peak (elevation 1,702 feet) on the Byron Hot Springs Quadrangle;

(24) The boundary proceeds due south, approximately 400 feet, to the northern boundary of Section 13, Township 2 South, Range 2 East on the Byron Hot Springs Quadrangle;

(25) The boundary proceeds due east along the northern boundaries of Section 13 and Section 18, Township 2 South, Range 3 East, to the northeast corner of Section 18 on the Byron Hot Springs Quadrangle;

(26) The boundary proceeds due west along the northern boundaries of Sections 18, 19, 30, and 31 in Township 2 South, Range 3 East, to the northeast corner of Section 18 and the Byron Hot Springs Quadrangle;

(27) Then proceed east along the southern border of Section 32, Township 2 South, Range 3 East to the northwest corner of Section 4 on the Altamont Quadrangle;

(28) Then proceed south along the western border of Sections 4 and 9 on the Altamont Quadrangle;

(29) Then proceed south along the western border of Section 16 approximately 4,275 feet to the point where the 1,100-meter elevation contour intersects the western border of Section 16 on the Altamont Quadrangle;

(30) Then proceed in a southeasterly direction along the 1,100-meter elevation contour to the intersection of the southern border of Section 21 with the 1,100-meter elevation contour on the Altamont Quadrangle;

(31) Then proceed west to the southwest corner of Section 20 on the Altamont Quadrangle;

(32) Then proceed south along the western boundaries of Sections 29 and 32, Township 3 South, Range 3 East and then south along the western boundaries of Sections 5, 8, 17, 20, Township 4 South, Range 3 East to the southwest corner of Section 20 on the Mendenhall Springs Quadrangle;

(33) The boundary follows the east-west section line west along the southern boundary of Section 19 in Township 4 South, Range 3 East, and west along the southern boundary of Section 24 in Township 4 South, Range 2 East, to the southwest corner of that Section 24 on the Mendenhall Springs Quadrangle;

(34) The boundary follows the north-south section line north along the western boundary of Section 24 in Township 4 South, Range 2 East, to the northwest corner of that Section 24 on the Mendenhall Springs Quadrangle;

(35) The boundary follows the east-west section line west along the southern boundary of Section 14 in Township 4 South, Range 2 East, to the southwest corner of that Section 14 on the Mendenhall Springs Quadrangle;

(36) The boundary follows the north-south section line north along the western boundary of Section 14 in Township 4 South, Range 2 East, to the Hetch Hetchy Aqueduct on the Mendenhall Springs Quadrangle;

(37) The boundary follows the Hetch Hetchy Aqueduct southwesterly to the range line dividing Range 1 East from Range 2 East on the La Costa Valley Quadrangle;

(38) The boundary follows this range line south to its intersection with State Route 130 on the Calaveras Reservoir Quadrangle;

(39) The boundary follows State Route 130 southeasterly to its intersection with the township line dividing Township 6 South from Township 7 South on the San Jose East Quadrangle;

(40) From this point, the boundary proceeds in a straight line southeasterly

to the intersection of the township line dividing Township 7 South from Township 8 South with the range line dividing Range 2 East from Range 3 East on the Lick Observatory Quadrangle;

(41) From this point, the boundary proceeds in a straight line southeasterly crossing the Morgan Hill Quadrangle to the intersection of the township line dividing Township 8 South from Township 9 South with the range line dividing Range 3 East from Range 4 East on the Mt. Sizer Quadrangle;

(42) From this point, the boundary proceeds in a straight line southeasterly to the intersection of Coyote Creek with the township line dividing Township 9 South from Township 10 South on the Gilroy Quadrangle;

(43) From this point, the boundary proceeds in a straight line southeasterly to the intersection of the 37 degree 00' North latitude parallel with State Route 152 on the Gilroy Quadrangle;

(44) The boundary follows the 37 degree 00' North latitude parallel east to the range line dividing Range 5 East from Range 6 East on the Three Sisters Quadrangle;

(45) The boundary follows this range line south to the San Benito-Santa Clara County line on the Three Sisters Quadrangle;

(46) The boundary follows the San Benito-Santa Clara County line easterly, from the intersection with the Range 6 East line to the San Benito-Merced County line on the Monterey 1:250,000 map;

(47) The boundary follows the San Benito-Merced County line southeasterly to the conjunction of the county lines of San Benito, Merced, and Fresno counties on the Monterey 1:250,000 map;

(48) From this point, the boundary proceeds in a southwesterly extension of the Merced-Fresno County line to Salt Creek on the Monterey 1:250,000 map;

(49) From this point, the boundary proceeds in a straight line southeasterly to the conjunction of the county lines of Monterey, San Benito, and Fresno Counties on the Monterey 1:250,000 map;

(50) The boundary follows the Monterey-Fresno County line southeasterly to the Monterey-Kings County line on the San Luis Obispo 1:250,000 map;

(51) The boundary follows the Monterey-Kings County line southeasterly to the San Luis Obispo-Kings County line on the San Luis Obispo 1:250,000 map;

(52) The boundary follows the San Luis Obispo-Kings County line east to the San Luis Obispo-Kern County line of the San Luis Obispo 1:250,000 map;

(53) The boundary follows the San Luis Obispo-Kern County line south, then east, then south to the point which the county line diverges easterly from the range line dividing Range 17 East from Range 18 East on the San Luis Obispo 1:250,000 map;

(54) The boundary follows this range line south to the township line dividing Township 28 South from Township 29 South on the San Luis Obispo 1:250,000 map;

(55) The boundary follows the township line west to the range line dividing Range 13 East from Range 14 East on the San Luis Obispo 1:250,000 map;

(56) The boundary follows this range line south to the boundary of the Los Padres National Forest on the San Luis Obispo 1:250,000 map;

(57) Then southeast following the boundary of the Los Padres National Forest across the San Luis Obispo and Santa Maria 1:250,000 maps, to the Range Line dividing Range 21 and Range 20 West on the Los Angeles 1:250,000 map;

(58) Then southeast in a straight line to an unnamed peak (elevation 1,925 feet) on the Los Angeles 1:250,000 map;

(59) Then southeast in a straight line to an unnamed peak (elevation 2,992 feet) on the Los Angeles 1:250,000 map;

(60) Then southeast in a straight line to an unnamed peak (elevation 4,003 feet) on the Los Angeles 1:250,000 map;

(61) Then southeast in a straight line to an unnamed peak (elevation 3,839 feet) on the Los Angeles 1:250,000 map;

(62) Then southeast on a straight line to Strawberry peak (elevation 6,164 feet) on the Los Angeles 1:250,000 map;

(63) Then southeast in a straight line to Johnstone Peak (elevation 3126 feet) on the San Bernardino 1:250,000 map;

(64) Then south to the intersection of the Orange County-San Bernardino County line on the Santa Ana 1:250,000 map;

(65) Then eastward, and southeastward along the Orange County line, to the intersection of that county line with the township line on the northern border of Township 7 South (in Range 6 West; on the Santa Ana 1:250,000 map);

(66) Then from there eastward along that township line to its intersection with the northern boundary of the Temecula viticultural area described in section 9.50; of this part, the Temecula viticultural area boundary coincides with the boundary of the Cleveland National Forest on the Wildomar Quadrangle map;

(67) Then following the northern boundary of the Temecula viticultural area, at and near its northernmost point,

generally northeastward, eastward, and southeastward until the Temecula viticultural area boundary again intersects the township line on the northern border of Township 7 South (in Range 4 West; thus all of the Temecula viticultural area is included inside of South Coast viticultural area as described in section 9.104 of this part);

(68) Then eastward, along the township line of the northern border of Township 7 South, to the San Bernardino Meridian on the Santa Ana 1:250,000 map;

(69) Then southward along the San Bernardino Meridian to the Riverside County-San Diego County line on the Santa Ana 1:250,000 map;

(70) Then westward along the county line for 7½ miles, to the western boundary of the Cleveland National Forest (near the Pechanga Indian Reservation on the Santa Ana 1:250,000 map);

(71) Then generally southeastward along the Cleveland National Forest boundary to where it joins California Highway 76 on the Santa Ana 1:250,000 map;

(72) From there generally southeastward along Highway 76 to California Highway 79 on the Santa Ana 1:250,000 map;

(73) Then southeastward along Highway 79 to the township line on the northern border of Township 12 South (in Range 3 East) on the Santa Ana 1:250,000 map;

(74) Then eastward along that township line to its intersection with the range line on the eastern border of Range 3 East on the Santa Ana 1:250,000 map;

(75) Then from there southward along that range line to U.S.-Mexico international border on the Santa Ana 1:250,000 map and the San Diego 1:250,000 map;

(76) Then westward along that international border to the Pacific Ocean on the San Diego 1:250,000 map;

(77) Then generally northwestward along the shore of the Pacific Ocean to the starting point crossing the San Diego 1:250,000 map, the Santa Ana 1:250,000 map, the Long Beach 1:250,000 map, the Los Angeles 1:250,000 map, the Santa Maria 1:250,000 map, the Santa Luis Obispo 1:250,000 map, the Monterey 1:250,000 map, the San Francisco 1:250,000 map, on the Santa Rosa 1:250,000 map.

Dated: September 19, 2000.

Bradley A. Buckles,
Director.

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