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**DEPARTMENT OF THE TREASURY**

**Alcohol and Tobacco Tax and Trade Bureau**

**27 CFR Part 9**

**[Docket No. TTB–2019–0007; T.D. TTB–1611; Ref: Notice No. 185]**

**RIN: 1513–AC51**

**Establishment of the Alisos Canyon Viticultural Area**

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

**ACTION:** Final rule; Treasury decision.

**SUMMARY:** The Alcohol and Tobacco Tax and Trade Bureau (TTB) establishes the approximately 5,774-acre “Alisos Canyon” viticultural area in Santa Barbara County, California. The Alisos Canyon viticultural area is located entirely within the existing Central Coast viticultural area. TTB designates 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:** This final rule is effective [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Karen A. Thornton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Box 12, Washington, DC 20005; phone 202–453–1039, ext. 2175.

**SUPPLEMENTARY INFORMATION:**

**Background on Viticultural Areas**

*TTB Authority*

Section 105(e) of the Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 205(e), authorizes the Secretary of the Treasury to prescribe regulations for the labeling of wine, distilled spirits, and malt beverages. The FAA Act provides that these regulations should, among other things, prohibit consumer deception and the use of misleading statements on labels and ensure that labels provide the consumer with adequate information as to the identity and quality of the product. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the FAA Act pursuant to section 1111(d) of the Homeland Security Act of 2002, codified at 6 U.S.C. 531(d). The Secretary has delegated the functions and duties in the administration and enforcement of these provisions to the TTB Administrator through Treasury Order 120–01, dated December 10, 2013 (superseding Treasury Order 120–01, dated January 24, 2003).

Part 4 of the TTB regulations (27 CFR part 4) authorizes TTB to establish definitive viticultural areas and regulate 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) sets forth standards for the preparation and submission to TTB of petitions for the establishment or modification of American viticultural areas (AVAs) and lists the approved AVAs.

### *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 having distinguishing features, as described in part 9 of the regulations, and a name and a delineated boundary, as established 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 the wine's geographic origin. The establishment of AVAs allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of an AVA 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 (27 CFR 4.25(e)(2)) outlines the procedure for proposing an AVA and provides that any interested party may petition TTB to establish a grape-growing region as an AVA. Section 9.12 of the TTB regulations (27 CFR 9.12) prescribes standards for petitions for the establishment or modification of AVAs. Petitions to establish an AVA must include the following:

- Evidence that the area within the proposed AVA boundary is nationally or locally known by the AVA name specified in the petition;
- An explanation of the basis for defining the boundary of the proposed AVA;

- A narrative description of the features of the proposed AVA affecting viticulture, such as climate, geology, soils, physical features, and elevation, that make the proposed AVA distinctive and distinguish it from adjacent areas outside the proposed AVA;
- The appropriate United States Geological Survey (USGS) map(s) showing the location of the proposed AVA, with the boundary of the proposed AVA clearly drawn thereon;
- If the proposed AVA is to be established within, or overlapping, an existing AVA, an explanation that both identifies the attributes of the proposed AVA that are consistent with the existing AVA and explains how the proposed AVA is sufficiently distinct from the existing AVA and therefore appropriate for separate recognition; and
- A detailed narrative description of the proposed AVA boundary based on USGS map markings.

### **Alisos Canyon Petition**

TTB received a petition from Wesley D. Hagen, on behalf of local vineyard owners and winemakers, proposing the establishment of the “Alisos Canyon” AVA in Santa Barbara County, California. The proposed Alisos Canyon AVA lies entirely within the established Central Coast AVA (27 CFR 9.75).

Within the 5,774-acre proposed AVA, there are currently 9 producing commercial vineyards, which cover a total of approximately 238 acres. There is also one winery within the proposed AVA. According to the petition, the distinguishing features of the proposed Alisos Canyon AVA include its climate

and soils. The petition also listed topography and geology as distinguishing features. However, based on the petition's descriptions, topography and geology appear to be too integral to the region's climate and soils, respectively, to be considered separately from those features. Therefore, TTB does not consider topography and geology to be separate distinguishing features of the proposed AVA.

The climate of the proposed Alisos Canyon AVA is affected by cool marine air which travels into the proposed AVA via the drainage system of San Antonio Creek. The proposed AVA is located approximately 25 miles from the Pacific Ocean and is situated in a transitional region, between the cooler coastal regions and the warmer inland areas. Growing degree day accumulations<sup>1</sup> within the proposed Alisos Canyon AVA are higher than those of the regions to the northwest and southwest, which are closer to the ocean, and lower than those in the more inland regions to the south and east. The region due north of the proposed AVA also has higher growing degree day accumulations due to its location east of ridges and hills which trap warm air and block cool marine air from entering the region. According to the petition, the proposed AVA's location is a "Goldilocks Rhone Zone," meaning that temperatures are neither too hot nor too cold for growing Rhone wine varieties such as Syrah, which is the most common varietal grown in the proposed AVA.

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<sup>1</sup> See Albert J. Winkler et al., *General Viticulture* (Berkeley: University of California Press, 2nd ed. 1974), pages 61–64. In the Winkler climate classification system, annual heat accumulation during the growing season, measured in annual growing degree days (GDDs), defines climatic regions. One GDD accumulates for each degree Fahrenheit that a day's mean temperature is above 50 degrees, the minimum temperature required for grapevine growth.

Soils within the proposed Alisos Canyon AVA are primarily derived from sandstone and shale. The most common soils are the Paso Robles Formation and Careaga Sandstone, which comprise 63 percent and 13 percent of the total soils, respectively. High calcium content from shale pebbles increases the thickness of the skins of red varietal wine grapes, which in turn increases the color and tannin levels in the resulting wine. High sand content provides excellent drainage for vineyards, thus reducing the risks from certain pests such as nematodes and phylloxera. The low clay content of Careaga Sandstone soils reduces the uptake of nutrients and reduces the vigor of the vines, resulting in smaller grapes with a higher skin-to-juice ratio than grapes of the same varietal grown in different soils with higher clay content.

To the north of the proposed AVA, within the Santa Maria Valley, the soils have sandier top soils. South of the proposed Alisos Canyon AVA, the soils are characterized by Metz fine sandy loam. To the east of the proposed AVA, the soils are primarily derived from serpentine and chert. To the west of the proposed AVA, the soils are described as deep, sandy soils of the Shedd, Chamise, and Point Sal Formation series.

### **Notice of Proposed Rulemaking and Comments Received**

TTB published Notice No. 185 in the **Federal Register** on October 15, 2019 (84 FR 55082), proposing to establish the Alisos Canyon AVA. In the notice, TTB summarized the evidence from the petition regarding the name, boundary, and distinguishing features for the proposed AVA. The notice also compared the distinguishing features of the proposed AVA to the surrounding

areas. For a detailed description of the evidence relating to the name, boundary, and distinguishing features of the proposed AVA, and for a detailed comparison of the distinguishing features of the proposed AVA to the surrounding areas, see Notice No. 185.

In Notice No. 185, TTB solicited comments on the accuracy of the name, boundary, and other required information submitted in support of the petition. In addition, given the proposed Alisos Canyon AVA's location within the Central Coast AVA, TTB solicited comments on whether the evidence submitted in the petition regarding the distinguishing features of the proposed AVA sufficiently differentiates it from the established AVA. TTB also requested comments on whether the geographic features of the proposed AVA are so distinguishable from the established AVA that the proposed AVA should no longer be part of the established AVA. The comment period closed December 16, 2019.

In response to Notice No. 185, TTB received a total of 18 comments. Commenters included the co-authors of the petition, local wine industry members, and members of the public who did not state an affiliation. All of the comments support the establishment of the proposed Alisos Canyon AVA, with most comments being an expression of general support. A few comments expressed agreement with the petition's description of the proposed AVA's soils and microclimate. None of the comments mentioned the proposed AVA's location within the established Central Coast AVA.

## **TTB Determination**

After careful review of the petition and the comments received in response to Notice No. 185, TTB finds that the evidence provided by the petitioner supports the establishment of the Alisos Canyon AVA. Accordingly, under the authority of the FAA Act, section 1111(d) of the Homeland Security Act of 2002, and parts 4 and 9 of the TTB regulations, TTB establishes the “Alisos Canyon” AVA in Santa Barbara County, California, effective 30 days from the publication date of this document.

TTB has also determined that the Alisos Canyon AVA will remain part of the established Central Coast AVA. As discussed in Notice No. 185, the Alisos Canyon AVA shares some broad characteristics with the established AVA. For example, the proposed AVA has a marine-influenced climate that moderates growing season temperatures. A marine-influenced climate is also the basic viticultural feature of the Central Coast AVA. However, due to its smaller size, the Alisos Canyon AVA experiences a much smaller range of growing degree day accumulations within its proposed boundaries than the diverse, multicounty Central Coast AVA. It also has fewer soil types than the Central Coast AVA.

## **Boundary Description**

See the narrative description of the boundary of the Alisos Canyon AVA in the regulatory text published at the end of this final rule.

## **Maps**

The petitioners provided the required maps, and they are listed below in the regulatory text. The Alisos Canyon AVA boundary may also be viewed on

the AVA Map Explorer on the TTB website, at <https://www.ttb.gov/wine/ava-map-explorer>.

### **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. For a wine to be labeled with an AVA name or with a brand name that includes an AVA name, at least 85 percent of the wine must be derived from grapes 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 for labeling with an AVA name 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 AVA 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 an AVA 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.

With the establishment of the Alisos Canyon AVA, its name, "Alisos Canyon," will be recognized as a name of viticultural significance under § 4.39(i)(3) of the TTB regulations (27 CFR 4.39(i)(3)). The text of the regulations clarifies this point. Consequently, wine bottlers using the name "Alisos Canyon" 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 AVA name as an appellation of origin.

The establishment of the Alisos Canyon AVA will not affect the existing Central Coast AVA, and any bottlers using “Central Coast” as an appellation of origin or in a brand name for wines made from grapes grown within the Central Coast AVA will not be affected by the establishment of this new AVA. The establishment of the Alisos Canyon AVA will allow vintners to use “Alisos Canyon” and “Central Coast” as appellations of origin for wines made primarily from grapes grown within the Alisos Canyon AVA if the wines meet the eligibility requirements for the appellation.

### **Regulatory Flexibility Act**

TTB certifies that this regulation will not have a significant economic impact on a substantial number of small entities. The regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of an AVA name would be 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**

It has been determined that this final rule is not a significant regulatory action as defined by Executive Order 12866 of September 30, 1993. Therefore, no regulatory assessment is required.

### **Drafting Information**

Karen A. Thornton of the Regulations and Rulings Division drafted this final rule.

## List of Subjects in 27 CFR Part 9

Wine.

### The Regulatory Amendment

For the reasons discussed in the preamble, TTB amends title 27, chapter I, 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. Subpart C is amended by adding § 9.270 to read as follows:

##### **§ 9.270 Alisos Canyon.**

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

(b) *Approved maps.* The two United States Geological Survey (USGS) 1:24,000 scale topographic maps used to determine the boundary of the Alisos Canyon viticultural area are titled:

- (1) Foxen Canyon, CA, 1995; and
- (2) Zaca Creek, Calif., 1959.

(c) *Boundary.* The Alisos Canyon viticultural area is located in Santa Barbara County, California. The boundary of the Alisos Canyon viticultural area is as described below:

(1) The beginning point is on the Foxen Canyon map at an unnamed hilltop with a marked elevation of 1,137 feet, located west of the Cañada de los Coches in the La Laguna Grant. From the beginning point, proceed east in a straight line for 3.71 miles to the intersection of two unnamed, unimproved roads north of Rancho San Juan; then

(2) Proceed east-southeast in a straight line for approximately 1.2 miles to an unnamed hilltop with a marked elevation of 1,424 feet in the La Laguna Grant; then

(3) Proceed southwest in a straight line for approximately 1.7 miles, crossing onto the Zaca Creek map, to a point designated "Oil," adjacent to the north fork of San Antonio Creek and the intersection of three unnamed light-duty roads in the Cañada del Comasa, La Laguna Grant; then

(4) Proceed west-southwest in a straight line for approximately 1.56 miles to the intersection of the north fork of San Antonio Creek and the 800-foot elevation contour in the Cañada del Comasa, La Laguna Grant; then

(5) Proceed west in a straight line 1.95 miles to an unnamed rectangular structure northeast of the terminus of an unnamed, unimproved road north of U.S. Highway 101 and BM 684 in the La Laguna Grant; then

(6) Proceed northwesterly in a straight line 0.32 mile to the intersection of Alisos Canyon Road and an unnamed, unimproved road east of the Cañada de los Coches in the La Laguna Grant; then

(7) Proceed north-northwest in a straight line for 1.68 miles, crossing onto the Foxen Canyon map, to an unnamed hilltop with a marked elevation of 997 feet in the La Laguna Grant; then

(8) Proceed northeast in a straight line for 0.5 mile to return to the beginning point.

Signed: April 15, 2020.

**Mary G. Ryan,**

*Acting Administrator.*

Approved: July 28, 2020.

**Timothy E. Skud,**

*Deputy Assistant Secretary  
(Tax, Trade, and Tariff Policy).*

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