DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–121508–18]

RIN 1545–BO97

Multiple Employer Plans; Hearing

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Proposed rule; notice of hearing.

SUMMARY: This document provides a notice of public hearing on proposed regulations relating to the tax qualification of plans maintained by more than one employer. These plans, maintained pursuant to section 413(c) of the Internal Revenue Code (Code), are often referred to as multiple employer plans or MEPs.

DATES: The public hearing is being held on Wednesday, December 11, 2019, at 10:00 a.m. The IRS must receive speakers’ outlines of the topics to be discussed at the public hearing by Monday, November 25, 2019. If no outlines are received by November 25, 2019, the public hearing will be cancelled.

ADDRESSES: The public hearing is being held in the IRS Auditorium, Internal Revenue Service Building, 1111 Constitution Avenue NW, Washington, DC 20224. Due to building security procedures, visitors must enter at the Constitution Avenue entrance. In addition, all visitors must present a valid photo identification to enter the building.


FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Pamela Kinard at (202) 317–6000 or Jamie Dvoretzky at (202) 317–4102; concerning submissions of comments, the hearing and/or to be placed on the building access list to attend the hearing, Regina Johnson at (202) 317–6901 (not toll-free numbers), fdms.database@irs.counsel.treas.gov.

SUPPLEMENTARY INFORMATION: The subject of the public hearing is the notice of proposed rulemaking (REG–121508–18) that was published in the Federal Register on Wednesday, July 3, 2019 (84 FR 31777).

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing that submitted written comments by October 1, 2019, must submit an outline of the topics to be addressed and the amount of time to be devoted to each topic by Monday, November 25, 2019. A period of 10 minutes is allotted to each person for presenting oral comments. After the deadline for receiving outlines has passed, the IRS will prepare an agenda containing the schedule of speakers. Copies of the agenda will be made available, free of charge, at the hearing or by contacting the Publications and Regulations Branch at (202) 317–6901 (not a toll-free number).

Because of access restrictions, the IRS will not admit visitors beyond the immediate entrance area more than 30 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the FOR FURTHER INFORMATION CONTACT section of this document.

Martin V. Franks, Branch Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedure and Administration).


DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Part 9

[Docket No. TTB–2019–0008; Notice No. 186]

RIN 1513–AC53

Proposed Establishment of the Royal Slope Viticultural Area

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

ACTION: Notice of proposed rulemaking.

SUMMARY: The Alcohol and Tobacco Tax and Trade Bureau (TTB) proposes to establish the 156,389-acre “Royal Slope” viticultural area in Adams and Grant Counties, in Washington. The proposed viticultural area lies entirely within the existing Columbia Valley 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. TTB invites comments on this proposed addition to its regulations.

DATES: Comments must be received December 16, 2019.

ADDRESSES: You may electronically submit comments to TTB on this proposal, and view copies of this document, its supporting materials, and any comments TTB receives on it within Docket No. TTB–2019–0008 as posted on Regulations.gov (https://www.regulations.gov), the Federal e-rulemaking portal. Please see the “Public Participation” section of this document below for full details on how to comment on this proposal via Regulations.gov, U.S. mail, or hand delivery, and for full details on how to view or obtain copies of this document, its supporting materials, and any comments related to this proposal.

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. 175.

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 various authorities through Treasury Order 120–01, dated December 10, 2013, (superseding Treasury Order 120–01, dated January 24, 2003), to the TTB
Administrator to perform the functions and duties in the administration and enforcement of these provisions. 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 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 and consumers to describe or refer to the region of origin of a wine. The TTB regulations (27 CFR part 9) set forth the 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;
- An explanation of the proposed AVA sufficiently distinct from an existing AVA so as to warrant separate recognition, if the proposed AVA is to be established within, or overlapping, an existing AVA; and
- A detailed narrative description of the proposed AVA boundary based on USGS map markings.

Royal Slope Petition

TTB received a petition from Dr. Alan Busacca, a licensed geologist and founder of Vinitas Vineyard Consultants, LLC, on behalf of the Royal Slope Wine Grower’s Association, proposing the establishment of the “Royal Slope” AVA. The proposed Royal Slope AVA is located in east-central Washington and covers portions of Adams and Grant Counties. The proposed AVA lies entirely within the established Columbia Valley AVA (27 CFR 9.74) and does not overlap any other existing or proposed AVA, although a small portion of the proposed AVA’s northern boundary is shared with the southern boundary of the established Ancient Lakes of Columbia Valley AVA (27 CFR 9.227). The proposed Royal Slope AVA covers 156,389 acres and contains 1 winery and 13 commercially-producing vineyards that cover a total of approximately 14,100 acres. Approximately 100 additional acres of wine grapes were planted in 2016, and winegrowers report that they plan to plant about 200 additional acres of wine grapes in 2017 (Table 1).

The distinguishing features of the proposed Royal Slope AVA are its climate, topography, geology, and soils. Unless otherwise noted, all information and data pertaining to the proposed AVA contained in this document are from the petition for the proposed Royal Slope AVA and its supporting exhibits.

Name Evidence

The proposed Royal Slope AVA is a heavily farmed region of rolling hills that gently slope towards the south. According to the petition, one story of the origin of the region’s name is that a pair of Scotsmen climbed the nearby Saddle Mountains in the early 1900’s. As they surveyed the topography below, with its south-facing slopes that were desirable for farming, one of the men was purported to have exclaimed, “Now that’s a royal slope!”

The petition included examples of the use of the term “Royal Slope” to describe or refer to the region of the proposed AVA. The petition noted that the region of the proposed AVA is labeled as “Royal Slope” on U.S.G.S. maps dating back to 1951. A search of the U.S. Board on Geographic Names database shows that “Royal Slope” is the name of a slope in Grant County, Washington, where the proposed AVA is located. A road within the proposed AVA is named Royal Slope Road, and a local dairy is named Sunny Royal Slope Dairy. Finally, the petition notes that the port district that serves the region of the proposed AVA is named the Port of Royal Slope.

The petition also included several examples of use of the term “Royal Slope” to refer to the region of the proposed AVA in printed and online media. For example, a 1996 thesis from Central Washington University is entitled “Mid-Twentieth Century Pioneering of the Royal Slope, Central Washington.” An article from a major agricultural weekly newspaper about the grain harvest within the region of the proposed AVA is entitled “Triticale harvest under way on Royal Slope.”

An article from a local newspaper describes a businessman who started a fruit freezing and drying company after he “moved to the Royal Slope in 1962.” An article from an agricultural magazine describes an orchard manager’s discovery of a new variety of apple in an orchard “on Washington’s Royal Slope.” Several vineyards within the proposed AVA list their location as “Royal Slope” on their websites, including Lawrence Vineyards. Finally, the Washington Wine Commission’s website describes the location of both Lawrence Vineyards and Stillwater Creek Vineyard as being on the Royal Slope. The petition also stated that the name “Royal Slope” is not used for any other geographic region in the United States, as attested to in the U.S. Board on Geographic Names Geographic Names Information System.

Boundary Evidence

The proposed Royal Slope AVA is a rectangular region with an east-west orientation. It is located on the south-facing slopes of a range of hills known as the Frenchman Hills. The northern boundary of the proposed AVA mainly follows the southern boundary of the

1 https://geonames.usgs.gov
2 https://digitalcommons.cwu.edu/thesis_projects/52
3 https://www.capitalpress.com/state/washington/triticale-harvest-under-way-on-royal-slope/article_7b741500-a2a2-5a7f-bfde-093d2d039ab4.html
5 www.goodfruit.com/a-grower-reaches-out-to-consumers
6 www.lawrencevineyards.com
7 www.washingtonwine.org/explore/map.
Desert Unit of the Columbia Basin State Wildlife Area, which is unavailable for commercial viticultural purposes due to its status as a wildlife refuge. The petition also states that the region to the north of the proposed AVA is within the geographical feature known as the Quincy Basin, which is very flat and has lower elevations than the proposed AVA. The proposed eastern boundary also follows wildlife refuge boundaries, namely the Goose and the Columbia National Wildlife Refuge. The proposed southern boundary largely follows the 250-meter (approximately 820 feet) elevation contour that separates the fertile, gently rolling terrain of the proposed AVA from the lower, less fertile "scablands" of the Crab Creek Coulee. The proposed western boundary also follows the 250-meter elevation contour that separates the proposed AVA from less fertile lands along the Columbia River.

**Distinguishing Features**

The distinguishing features of the proposed Royal Slope AVA are its climate, topography, geology, and soils.

**Climate**

The petition included data on several aspects of climate gathered between 2009 and 2016 from three locations within the proposed Royal Slope AVA and five nearby locations outside the proposed AVA. The petition also included the same climate data for a location within the established Red Mountain AVA (27 CFR 9.167), which is approximately 40 miles south of the proposed AVA, and a separate location within the established Horse Heaven Hills AVA (27 CFR 9.188), which is approximately 67 miles south of the proposed AVA. Due to the distance of both the Red Mountain AVA and the Horse Heaven Hills AVA from the proposed AVA, as well as the availability of sufficient climate data from sources closer to the proposed AVA, TTB does not consider the climate data from these two established AVAs to be relevant to the proposed Royal Slope AVA petition and is not including that data in this document.

**Climate of the Proposed Royal Slope AVA and Surrounding Regions**

<table>
<thead>
<tr>
<th>Weather station location (direction from proposed AVA)</th>
<th>Mean annual air temperature (degrees fahrenheit (F))</th>
<th>Average annual growing degree days (GDDs)</th>
<th>Cool-climate viticulture sustainability index (CCVSI)</th>
<th>Number of days with temperatures below 32 degrees F annually</th>
<th>Number of days with temperatures above 95 degrees F annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Slope East, (within proposed AVA) ...................</td>
<td>52.2</td>
<td>2,951</td>
<td>242</td>
<td>79</td>
<td>9</td>
</tr>
<tr>
<td>Royal City East, (within proposed AVA) ......................</td>
<td>51.4</td>
<td>2,776</td>
<td>232</td>
<td>89</td>
<td>7</td>
</tr>
<tr>
<td>Royal City West, (within proposed AVA) .....................</td>
<td>51.8</td>
<td>2,978</td>
<td>229</td>
<td>95</td>
<td>12</td>
</tr>
<tr>
<td>Broadview (west) .................................................</td>
<td>47.2</td>
<td>1,940</td>
<td>159</td>
<td>161</td>
<td>6</td>
</tr>
<tr>
<td>Othello (east) ....................................................</td>
<td>50.3</td>
<td>2,522</td>
<td>204</td>
<td>107</td>
<td>7</td>
</tr>
<tr>
<td>Frenchman Hills, (north) ........................................</td>
<td>50.1</td>
<td>2,484</td>
<td>207</td>
<td>118</td>
<td>6</td>
</tr>
<tr>
<td>Quincy (north) ....................................................</td>
<td>50.7</td>
<td>2,807</td>
<td>242</td>
<td>95</td>
<td>2</td>
</tr>
<tr>
<td>Desert Aire (south) .............................................</td>
<td>54.7</td>
<td>3,518</td>
<td>260</td>
<td>77</td>
<td>23</td>
</tr>
</tbody>
</table>

Within the proposed Royal Slope AVA, the mean annual air temperature is slightly warmer than temperatures in the regions to the north, east, and west, and slightly cooler than in the region to the south. The petition describes the temperatures within the proposed AVA as warm but not excessively hot, making it a suitable climate for growing a variety of red and white varietals of *Vitis vinifera* grapes, including Cabernet Franc, Merlot, Syrah, Chardonnay, and Riesling.

The GDD totals from within the proposed AVA show a more significant difference between the climate of the proposed AVA and the surrounding regions. Two of the three stations within the proposed AVA have greater GDD totals than all of the surrounding regions except the region to the south, while the third station’s GDD is greater than all the surrounding regions except the region to the south and the Quincy station to the north. According to the petition, all three stations within the proposed AVA are classified as being within the Winkler Region II, which includes regions with GDD totals between 2,501 and 3,000. The petition states that locations classified as Winkler Region II are suitable for growing all but the latest of the late-ripening grape varietals.

The average CCVSI number for the three locations within the proposed Royal Slope AVA is 234, indicating a long growing period without hard freezes. Only the region to the south has a greater CCVSI number than any of the stations within the proposed AVA, while the Quincy station to the north has the same CCVSI number as the warmest station within the proposed AVA. The remaining stations outside of the proposed AVA have, on average, CCVSI numbers indicating between 30 and 70 fewer growing season days than the locations within the proposed AVA. According to the petition, larger CCVSI numbers correlate with better sites to fully ripen grapes.

In addition to having a long period of time between hard freezes, the proposed AVA also has fewer days per year with temperatures below 32 degrees Fahrenheit (F) than most of the surrounding regions. The only location with fewer days with temperatures below 32 degrees F than all of the locations within the proposed AVA is the region to the south. The Quincy station, to the north, has more days with temperatures below 32 degrees F than two of the stations within the proposed AVA and the same number of days with temperatures below 32 degrees F as one of the stations. This data shows the proposed AVA is at less risk of vine-damaging freezes due to having a smaller number of days per year with temperatures below 32 degrees F than most of the surrounding regions.

Finally, the petition included information about the number of days with temperatures above 95 degrees F within the proposed AVA and surrounding regions. The proposed AVA has an average of only 9 days a year with temperatures over 95 degrees F, whereas the region to the south is...
significantly hotter, averaging 23 days a year. The regions to the north, east, and west all have fewer very hot days than the proposed AVA. The petition states that at temperatures above 95 degrees F, grape vines shut down photosynthesis, slowing or even stopping the synthesis of sugars and other ripening factors. As a result, harvest may be delayed into the fall, when seasonal rains or cold snaps could damage fruit still left on the vine.

The petition also provided information on the average minimum nighttime temperature during veraison, mean minimum temperature, and mean annual wind run for each of the locations. However, because the petition did not discuss the viticultural effects of those aspects of climate, TTB was unable to determine if they were distinguishing features of the proposed AVA, and they are not discussed in this document. All of the climate data is available in the online docket for this proposed AVA, Docket No. TTB–2019–0008, at www.regulations.gov.

**Topography**

The proposed Royal Slope AVA is located on the gentle, south-facing slopes of an east-west trending range of hills called the Frenchman Hills. Elevations within the proposed AVA range from 610 feet in the extreme southeastern portion of the proposed AVA to 1,756 feet in the extreme northeastern portion. The majority of the slope angles within the proposed AVA are less than 15 percent, but very few slopes have angles less than 3 percent. The slopes are gentle enough for agricultural purposes, including vineyards, and are not as freeze-prone as flatter terrains such as valley floors.

To the north of the proposed AVA, the Frenchman Hills fall away to the Quincy Basin, a large, flat-floored valley. The portion of the Quincy Basin along the northeastern edge of the proposed AVA is also covered with sand dunes and “pothole” ponds that formed in the low areas between dune crests. This region of pothole ponds and dunes is also part of the Columbia Basin State Wildlife Area and is therefore unavailable for commercial agricultural purposes.

To the east, south, and west of the proposed AVA are the Crab Creek Coulee and the canyon of the Columbia River, respectively. The topography of these regions is characterized by large areas of craggy, exposed bedrock with steep slopes that are mostly greater than 35 percent. The petition describes Crab Creek Coulee as a “moon scape of bedrock scablands” that is suitable only for wildlife habitat and light livestock grazing. The floor of the coulee is significantly lower than the elevations within the proposed AVA, with the lowest point within the coulee being 490 feet. Along the Columbia River, the elevations are also lower than within the proposed AVA, and the terrain is generally too steep and rocky for cultivation. West of the Columbia River, the topography quickly rises to form the foothills of the Cascade Range, which has higher elevations and steeper slopes than the proposed AVA and lacks the climate, slope orientation, or soils suitable for cultivation.

**Geology**

According to the petition, the entire Columbia Valley AVA, including the region of the proposed Royal Slope AVA, is underlain with Miocene-era basaltic bedrock and has been affected by Ice Age megafloods. However, the petition states that these floods affected the various sub-regions of the Columbia Valley AVA in different ways. For example, in the region of the proposed Royal Slope AVA, floodwaters followed flood channels to the east and northeast of the proposed AVA, within the Frenchman Hills. The waters entered the region in a relatively smooth fashion, and the proposed AVA remained largely above the floodwaters. As a result, the region of the proposed AVA was not heavily eroded and remained a landscape of gentle hills with deep soils suitable for cultivation.

By contrast, the regions to the east and south of the proposed AVA were affected by very fast, deep, and turbulent flood waters that flowed into the valley separating the Frenchman Hills and the proposed Royal Slope AVA from the Saddle Mountains. As these fast-moving waters flowed through the narrow valley, they cut deeply into the landscape and formed the eroded “scablands” of the Crab Creek Coulee. Similarly strong floodwaters flowed through the Columbia River, to the west of the proposed AVA, and created a steep, deeply-scarred river canyon. To the north of the proposed AVA, the floodwaters flowed more gently and smoothly over the flat landscape of the Quincy Basin, depositing vast amounts of sand that formed depths of over 100 feet in places and creating a landscape of dunes and “pothole” lakes.

Farther south of the Crab Creek Coulee is the established Wahluke Slope AVA (27 CFR 9.192) on the southern slopes of the Saddle Mountains. Although the Wahluke Slope AVA is a gently sloping region with a gently undulating surface, the petition states that the AVA has a different geologic history than the proposed Royal Slope AVA. According to the petition, the Wahluke Slope AVA is located on an alluvial fan or fan delta. The fan formed when the repeated Ice Age megafloods flowing in the many floodways and coulees around the region of the proposed Royal Slope AVA combined in the channel of the Columbia River and traveled south. These floodwaters then broke through a narrow watergap in the Saddle Mountains, known as Sentinel Gap. Since the gap is only about a mile wide, it restricted the flow of the floodwaters, which backed up to great depth upstream of the gap and eventually jetted through the gap with great force. The floodwaters carried sand, silt, cobbles, gravels, and boulders through the gap and deposited them in a widening fan-shaped triangle that formed the slope on which the Wahluke Slope AVA is located.

**Soils**

The soils within the proposed Royal Slope AVA are a combination of sediments and soils from glacial floods and wind-blow post-glacial sand and silt (loess). The soils within the proposed AVA are generally deep enough for vines to extend their roots far into the soil before encountering bedrock or other impediment. The predominant soils are classified as Aridisols, which are characterized by loamy-to-sandy textures and very low amounts of humified organic material, so vine vigor is naturally low. The soils are also well drained and have naturally low soil moisture, so growers can easily control vine development via the timing and amounts of drip irrigation applied during the growing season. The petition states that the major soil series are Warden, Sagemoor, Adkins, and Kennewick, which together comprise approximately 59 percent of the total soil in the proposed AVA and approximately 75 percent of the vineyard acreage.

To the immediate east, west, and south of the proposed AVA are the scablands of the Crab Creek Coulee and the Columbia River Valley. In these regions, the Ice Age floodwaters stripped away most of the soil, leaving behind exposed bedrock. Normal erosion processes in post-glacial times have continuously removed any loose soil materials, maintaining the scabland characteristics and leaving behind a rocky landscape unable to support agricultural activities.

Farther south of the proposed AVA, within the established Wahluke Slope AVA, the soils are deep and fertile enough for agriculture including viticulture. However, the petition states that the soils of the
Wahluke Slope AVA are different from those of the proposed AVA. For example, the Adkins soil series, which is the most prominent soil series of the proposed AVA, is not found within the Wahluke Slope AVA. Instead, the most common soil series in the Wahluke Slope AVA is the Quincy soil series, which comprises less than 2 percent of the soils of the Wahluke Slope AVA but comprises more than 32.6 percent of the soils of the proposed Royal Slope AVA. Additionally, soils within the Wahluke Slope AVA are predominately classified as Entisols, rather than Aridisols. The petition states that Entisol soils are extremely well-drained due to their high sand content and are very susceptible to wind erosion. Although the soils of the Wahluke Slope AVA have been developed for viticulture, the petition states that vineyard owners with vines planted in Entisol soils face more challenges than owners of vineyards planted in Aridosol soils due to their "extreme droughtiness" and "extreme wind erosion hazard."

To the north of the proposed AVA, within the established Ancient Lakes of Columbia Valley AVA, the soils are also predominately Entisols. The Quincy soil series is also the most common soil series in this region, making up approximately 19 percent of the soils.

**Summary of Distinguishing Features**

In summary, the climate, topography, geology, and soils of the proposed Royal Slope AVA distinguish it from the surrounding regions. The following table summarizes the differences between the proposed AVA and the surrounding regions.

### Summary of Distinguishing Features

<table>
<thead>
<tr>
<th>Region</th>
<th>Climate</th>
<th>Topography</th>
<th>Geology</th>
<th>Soils</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Royal Slope AVA</td>
<td>Moderately warm Winkler Region II with a long growing season.</td>
<td>Rolling hills with gentle south-facing slopes.</td>
<td>Remained relatively untouched by Ice Age floods; little exposed bedrock.</td>
<td>Deep, well-drained soils derived from glacial sediments and loess; predominately Aridisols of the Adkins soil series.</td>
</tr>
<tr>
<td>North</td>
<td>Slightly cooler temperatures with generally shorter growing season.</td>
<td>Large, flat-floored valley with regions of sand dunes and “pothole” ponds.</td>
<td>Ice Age floods deposited large quantities of sand and formed “pothole” ponds.</td>
<td>Sandy soils; predominately Entisols of the Quincy soil series.</td>
</tr>
<tr>
<td>East</td>
<td>Slightly cooler temperatures with shorter growing season.</td>
<td>Rocky, steep-sided &quot;scabland&quot; coulee.</td>
<td>Deeply eroded by Ice Age floods, leaving behind large quantities of exposed bedrock.</td>
<td>Very little soil due to erosion.</td>
</tr>
<tr>
<td>South</td>
<td>Significantly warmer temperatures with longer growing season.</td>
<td>Rocky, steep-sided &quot;scabland&quot; coulee to immediate south; gently sloping terrain farther south in Wahluke Slope AVA.</td>
<td>To the immediate south, deeply eroded by Ice Age floods, leaving behind large quantities of exposed bedrock; farther south, the Wahluke Slope AVA is an alluvial fan created by Ice Age floods.</td>
<td>To the immediate south, very little soil due to erosion; in Wahluke Slope AVA, sandy soils, including Entisols of the Quincy soil series.</td>
</tr>
<tr>
<td>West</td>
<td>Significantly cooler temperatures with significantly shorter growing season.</td>
<td>Rocky, steep-sided canyon of the Columbia River; farther west, the rugged slopes of the Cascade Range.</td>
<td>Deeply eroded by Ice Age floods, leaving behind large quantities of exposed bedrock.</td>
<td>Very little soil due to erosion.</td>
</tr>
</tbody>
</table>

**Comparison of the Proposed Royal Slope AVA to the Existing Columbia Valley AVA**

T.D. ATF–190, which published in the Federal Register on November 13, 1984 (49 FR 44895), established the Columbia Valley AVA in central Washington and the north-central portion of Oregon. The Columbia Valley AVA is described in T.D. ATF–190 as a large, treeless basin of undulating hills surrounding the Snake, Yakima, and Columbia Rivers within the rain shadow of the Cascade Mountains. The climate of the Columbia Valley AVA is characterized by a growing season length of over 150 days and annual rainfall totals of 15 inches or less.

The proposed Royal Slope AVA is located in the western central portion of the Columbia Valley AVA and shares some broad characteristics with the established AVA. For example, the proposed AVA is also a treeless region of undulating hills and is adjacent to the Columbia River. Additionally, the growing season of the proposed AVA is longer than 150 days, with an average growing season length of 234 days. Furthermore, although precipitation is not a distinguishing feature of the proposed AVA, the petition notes that annual rainfall amounts within the proposed Royal Slope AVA average 6.5 inches, which is within the range of the annual precipitation amounts for the Columbia Valley AVA. However, the smaller proposed AVA is much more uniform in its climate, topography, geology, and soils than the much larger established Columbia Valley AVA. For example, the proposed Royal Slope AVA does not contain any “scablands” or other regions with large amounts of exposed bedrock. The proposed AVA also has a more limited variety of soils than the more diverse Columbia Valley AVA.

**TTB Determination**

TTB concludes that the petition to establish the approximately 156,389-acre Royal Slope AVA merits consideration and public comment, as invited in this notice of proposed rulemaking.

**Boundary Description**

See the narrative description of the boundary of the petitioned-for AVA in the proposed regulatory text published at the end of this proposed rule.
Maps

The petitioner provided the required maps, and they are listed below in the proposed regulatory text.

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, 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 § 4.25(e)(3) of the TTB regulations (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 § 4.39(i)(2) of the TTB regulations (27 CFR 4.39(i)(2)) for details.

If TTB establishes this proposed AVA, its name, “Royal Slope,” 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 proposed regulation clarifies this point. Consequently, wine bottlers using the name “Royal Slope” in a brand name, including a trademark, or in another label reference as to the origin of the wine, would have to ensure that the product is eligible to use the AVA name as an appellation of origin if this proposed rule is adopted as a final rule.

The approval of the proposed Royal Slope AVA would not affect any existing AVA, and any bottlers using “Columbia Valley” as an appellation of origin or in a brand name for wines made from grapes grown within the Royal Slope AVA would not be affected by the establishment of this new AVA. The establishment of the proposed Royal Slope AVA would allow vintners to use “Royal Slope” and “Columbia Valley” as appellations of origin for wines made from grapes grown within the proposed Royal Slope AVA, if the wines meet the eligibility requirements for the appellation.

Public Participation

Comments Invited

TTB invites comments from interested members of the public on whether it should establish the proposed AVA. TTB is also interested in receiving comments on the sufficiency and accuracy of the name, boundary, soils, climate, and other required information submitted in support of the petition. In addition, given the proposed Royal Slope AVA’s location within the existing Columbia Valley AVA, TTB is interested in comments on whether the evidence submitted in the petition regarding the distinguishing features of the proposed AVA sufficiently differentiates it from the existing Columbia Valley AVA. TTB is also interested in comments on whether the geographic features of the proposed AVA are so distinguishable from the surrounding Columbia Valley AVA that the proposed Royal Slope AVA should no longer be part of that AVA. Please provide any available specific information in support of your comments.

Because of the potential impact of the establishment of the proposed Royal Slope AVA on wine labels that include the term “Royal Slope” as discussed above under Impact on Current Wine Labels, TTB is particularly interested in comments regarding whether there will be a conflict between the proposed AVA name and currently used brand names. If a commenter believes that a conflict will arise, the comment should describe the nature of that conflict, including any anticipated negative economic impact that approval of the proposed AVA will have on an existing viticultural enterprise. TTB is also interested in receiving suggestions for ways to avoid conflicts, for example, by adopting a modified or different name for the AVA.

Submitting Comments

You may submit comments on this notice by using one of the following three methods:

- **Federal e-Rulemaking Portal:** You may send comments via the online comment form posted with this notice within Docket No. TTB–2019–0008 on “Regulations.gov,” the Federal e-rulemaking portal, at https://www.regulations.gov. A direct link to that docket is available under Notice No. 186 on the TTB website at https://www.ttb.gov/wine/wine-rulemaking.shtml. Supplemental files may be attached to comments submitted via Regulations.gov. For complete instructions on how to use Regulations.gov, visit the site and click on the “Help” tab.
- **U.S. Mail:** You may send comments via postal mail to the Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW, Box 12, Washington, DC 20005.
- **Hand Delivery/Courier:** You may hand-carry your comments or have them hand-carried to the Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW, Suite 400, Washington, DC 20005.

Please submit your comments by the closing date shown above in this notice. Your comments must reference Notice No. 186 and include your name and mailing address. Your comments also must be made in English, be legible, and be written in language acceptable for public disclosure. TTB does not acknowledge receipt of comments, and TTB considers all comments as originals.

In your comment, please clearly state if you are commenting for yourself or on behalf of an association, business, or other entity. If you are commenting on behalf of an entity, your comment must include the entity’s name, as well as your name and position title. If you comment via Regulations.gov, please enter the entity’s name in the “Organization” blank of the online comment form. If you comment via postal mail or hand delivery/courier, please submit your entity’s comment on letterhead.

You may also write to the Administrator before the comment closing date to ask for a public hearing. The Administrator reserves the right to determine whether to hold a public hearing.

Confidentiality

All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

Public Disclosure

TTB will post, and you may view, copies of this notice, selected supporting materials, and any online or mailed comments received about this proposal within Docket No. TTB–2019–0008 on the Federal e-rulemaking portal, Regulations.gov, at https://www.regulations.gov. A direct link to that docket is available under Notice No. 186. You may also reach the relevant docket through the Regulations.gov search page at https://www.regulations.gov. For information on how to use Regulations.gov, click on the site’s “Help” tab.

All posted comments will display the commenter’s name, organization (if any), city, and State, and, in the case of
mailed comments, all address information, including email addresses. TTB may omit voluminous attachments or material that the Bureau considers unsuitable for posting.

You may also view copies of this notice, all related petitions, maps and other supporting materials, and any electronic or mailed comments that TTB receives about this proposal by appointment at the TTB Information Resource Center, 1310 G Street NW, Suite 400, Washington, DC 20005. You may also obtain copies at 20 cents per 8.5- x 11-inch page. Please note that TTB is unable to provide copies of USGS maps or other similarly-sized documents that may be included as part of the AVA petition. Contact TTB’s Regulations and Rulings Division at the above address, by email at https://www.ttb.gov/webforms/contact_RRD.shtm, or by telephone at 202-453-1039, ext. 175, to schedule an appointment or to request copies of comments or other materials.

Regulatory Flexibility Act

TTB certifies that this proposed regulation, if adopted, would not have a significant economic impact on a substantial number of small entities. The proposed regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area 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 proposed 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 notice of proposed rulemaking.

List of Subjects in 27 CFR Part 9

Wine.

Proposed Regulatory Amendment

For the reasons discussed in the preamble, TTB proposes to amend 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:


Subpart C—Approved American Viticultural Areas

2. Add § 9. to read as follows:

§ 9. Royal Slope.

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

(b) Approved maps. The one United States Geological Survey (USGS) 1:100,000 scale topographic map used to determine the boundary of the Royal Slope viticultural area is “Priest Rapids, WA,” 2015.

(c) Boundary. The Royal Slope viticultural area is located in Grant and Adams Counties in Washington. The boundary of the Royal Slope viticultural area is as described in paragraphs (c)(1) through (17) of this section:

(1) The point of the beginning is on the Priest Rapids map at the intersection of the 250 meter elevation contour and the northern boundary of Section 8, T17N/R23E. From the beginning point, proceed east for approximately 7 miles along the northern boundaries of Sections 8, 9, 10, 11, and 12, T17N/R23E, and Sections 7 and 8, T17N/R24E to the northeast corner of Section 8, T17N/R24E; then

(2) Proceed south for approximately 1 mile along the eastern boundary of Section 8 to the southeast corner of Section 8, T17N/R24E; then

(3) Proceed east for approximately 4 miles along the southern boundaries of Sections 9, 10, 11, and 12, T17N/R24E, to the southeastern corner of Section 12, T17N/R24E; then

(4) Proceed north for approximately 1.8 miles along the eastern boundaries of Sections 12 and 1, T17N/R24E, to the intersection of the eastern boundary of Section 1 and the southern boundary of the Desert Unit of the Columbia Basin State Wildlife Area; then

(5) Proceed easterly for approximately 20 miles along the boundary of the Desert Unit of the Columbia Basin State Wildlife Area to the intersection of the wildlife area boundary with O’Sullivan Dam Road/State Highway 262; then

(6) Proceed east for approximately 1.5 miles along O’Sullivan Dam Road/State Highway 262 to the intersection of the road with an unnamed road known locally as H Road SE; then

(7) Proceed southeasterly for approximately 1.6 miles along H Road SE to the intersection of the road with the southern boundary of Section 16, T17N/R28E; then

(8) Proceed east for approximately 0.4 mile along the southern boundary of Section 16 to the intersection of the southeastern corner of Section 16, T17N/R28E, and the western boundary of the Columbia National Wildlife Refuge; then

(9) Proceed southerly, then southwesterly, for approximately 8 miles along the western boundary of the Columbia National Wildlife Refuge and the concurrent western boundary of the Goose Lakes Unit of the Columbia Basin State Wildlife Area to the intersection of the wildlife refuge boundary with the eastern boundary of Section 14, T16N/R27E; then

(10) Proceed south along the eastern boundaries of Sections 14, 23, and 35, T16N/R27E, to the intersection of the eastern boundary of Section 35 with State Highway 26; then

(11) Proceed northwesterly for approximately 3 miles along State Highway 26 to the intersection of the highway with the 250-meter elevation contour in the southwest corner of Section 21, T16/R27E; then

(12) Proceed westerly for approximately 28 miles along the 250-meter elevation contour to the intersection of the elevation contour with the eastern boundary of Section 26, T16N/R23E; then

(13) Proceed north for approximately 1,100 feet along the eastern boundary of Section 26 to the northeast corner of Section 26, T16N/R23E; then

(14) Proceed west for 1 mile along the northern boundary of Section 26, T16N/R23E, to the intersection with the eastern boundary of Section 22, T16N/R23E; then

(15) Proceed north for 1 mile along the eastern boundary of Section 22 to the northern boundary of Section 22, T16N/R23E; then

(16) Proceed west for approximately 1.05 miles along the northern boundary of Section 22, T16N/R23E, to the intersection of the section boundary with the 250-meter elevation contour; then

(17) Proceed northerly for approximately 10 miles along the 250-meter elevation contour to return to the beginning point.

Signed: July 10, 2019.

Mary G. Ryan,
Acting Administrator.

Approved: September 23, 2019.

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

BILLING CODE 4810–31–P