

required. When any merchandise is manufactured or its physical condition as entered is otherwise changed (exclusive of packing) in a zone within 24 hours before physical transfer from the zone for consumption, the person making entry may file an entry for the estimated removals of such merchandise during any consecutive 7-day period. The 7-day period is not limited to being a calendar week. The entry must be filed through the Automated Broker Interface on or before the first day of the 7-day period in which the merchandise is to be removed from the zone. The electronic entry must contain data equivalent to that required on Customs Form 3461 for the estimated removals of merchandise intended to occur during the related 7-day period.

(ii) *Invoice upon request.* If requested by Customs, the electronic data submitted must include the equivalent of a *pro forma* invoice or schedule, showing the estimated number of units of each type of merchandise to be removed during the weekly period and their zone and dutiable values.

(2) *Other weekly entries.* (i) *Electronic entry required.* In addition to the merchandise already covered under paragraph (c)(1) of this section, the person making entry may file an estimated entry for all merchandise, including merchandise of different classes, types, and categories, except as provided in paragraph (c)(2)(ii) of this section, that is to be removed from a zone during any consecutive 7-day period. The weekly period is not limited to being a calendar week. The entry must be filed through the Automated Broker Interface on or before the first day of the 7-day period in which the merchandise is to be removed from the zone. The electronic entry must contain data equivalent to that required on Customs Form 3461 for the estimated removals of merchandise intended to occur during the related 7-day period.

(ii) *Invoice upon request.* If requested by Customs, the electronic data submitted must include the equivalent of a *pro forma* invoice or schedule, showing the estimated number of units of each type of merchandise to be removed during the weekly period and their zone and dutiable values.

(iii) *Excluded merchandise.* The following merchandise is excluded from the weekly entry procedure in paragraph (c)(2)(i) of this section:

(A) Merchandise whose entry is prohibited by law; and

(B) Merchandise for which the filing of an entry summary is required before it may be released from Customs custody.

(3) *Electronic entry summary.* Under paragraph (c)(1) or (c)(2) of this section, an electronic entry summary containing data equivalent to that required on Customs Form 7501 must be filed within 10 working days after the first day of the 7-day period covered by the electronic entry. The entry summary must be filed electronically through the Automated Broker Interface, with payment of applicable duties and taxes being scheduled, through the Automated Clearinghouse, for no later than 10 working days after the date of entry (see subpart D, part 143, and § 24.25 of this chapter). All merchandise will be dutiable as provided in § 146.65 of this subpart.

(4) *Inventory control.* The operator and/or user of the zone, as applicable, must provide accounting, transportation and related controls over merchandise subject to the weekly entry procedures set forth in paragraphs (c)(1) and (c)(2) of this section that are adequate to protect the revenue and meet the requirements of other Federal agencies, as provided in paragraphs (c)(4)(i) and (c)(4)(ii) of this section.

(i) *Operator responsibilities; general-purpose zone.* In the case of a general-purpose zone with multiple users, the operator of the zone, in compliance with § 146.4 of this part, must supervise and monitor the movement of the merchandise, and provide for its proper storage and handling in the zone. The operator must also maintain inventory records that accurately account for all transfers of merchandise from the zone related to the respective weekly entry of each person (zone user) using the procedure and must otherwise comply with the requirements of § 146.4 and subpart B of this part.

(ii) *Person making entry (zone user).* The person making entry for the merchandise (the zone user) must keep inventory records with respect to the merchandise and its handling and/or processing in the zone. If not computerized, the records must be maintained in an organized and readily retrievable manner, and be capable of being produced within a reasonable time after due notice (see § 163.6(a) of this chapter).

(5) *Acceptance of weekly entry by port director.* Merchandise covered by an electronic entry made under the provisions of paragraph (c)(1) or (c)(2) of this section will be considered to be entered and may be removed from the zone only when the port director has accepted the entry. The time of entry will be determined as provided in § 141.68 of this chapter. If the actual removals will exceed the estimate for the related 7-day period, the person

making entry will file an additional electronic entry as necessary to cover the additional units before their removal from the zone. When estimated removals exceed actual removals, such excess merchandise will not be considered to have been entered or constructively transferred from the zone and will not be included in the entry summary for the estimated entry or release. After acceptance of the weekly entry, and any additional entries as required, individual transfers of merchandise covered by the entry may be made from the zone.

(6) *Application of merchandise processing fee to weekly entry.* Under 19 U.S.C. 1484(i), the estimated weekly entry or release under paragraph (c)(1) or (c)(2) of this section is treated as a single entry or release for purposes of the assessment of the merchandise processing fee (MPF) under 19 U.S.C. 58c(a)(9)(A). All fee exclusions and limitations under 19 U.S.C. 58c also apply to the weekly entry or release, including the maximum and minimum fee amounts set forth in 19 U.S.C. 58c(b)(8)(A)(i) (see § 24.23(b)(1)(i) of this chapter).

\* \* \* \* \*

3. In § 146.68(a), in the first sentence the reference “§ 146.63(c)” is removed, and the reference “§ 146.63(c)(1)” is added in its place.

**Robert C. Bonner,**  
*Commissioner of Customs.*

Approved: July 19, 2002.

**Timothy E. Skud,**  
*Deputy Assistant Secretary of the Treasury.*  
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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-165706-01]

RIN 1545-BA46

#### Obligations of States and Political Subdivisions; Hearing Cancellation

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Cancellation of notice of public hearing on proposed rulemaking.

**SUMMARY:** This document provides notice of cancellation of a public hearing on proposed rulemaking relating to the obligations of States and political subdivisions.

**DATES:** The public hearing originally scheduled for Wednesday, August 7, 2002, at 10 a.m., is cancelled.

**FOR FURTHER INFORMATION CONTACT:** Guy Traynor of the Regulations Unit, Associate Chief Counsel, (Income Tax & Accounting), (202) 622-7180 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:** A notice of proposed rulemaking and notice of public hearing that appeared in the *Federal Register* on April 10, 2002 (67 FR 17309), and amended on June 28, 2002 (67 FR 43574), announced that a public hearing was scheduled for August 7, 2002 at 10 a.m., in Room 2615, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC. The subject of the public hearing is proposed regulations under section 150 of the Internal Revenue Code. The public comment period for these proposed regulations expired on July 9, 2002.

The notice of proposed rulemaking and notice of public hearing, instructed those interested in testifying at the public hearing to submit a request to speak and an outline of topics to be addressed. As of July 18, 2002, no one has requested to speak. Therefore, the public hearing scheduled for August 7, 2002, is cancelled.

**Cynthia E. Grigsby,**  
Chief, Regulations Unit, Associate Chief Counsel (Income Tax & Accounting).  
[FR Doc. 02-18791 Filed 7-24-02; 8:45 am]  
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## DEPARTMENT OF THE TREASURY

### Bureau of Alcohol, Tobacco and Firearms

#### 27 CFR Part 9

[Notice No. 948]

RIN 1512-AC71

#### Proposed Establishment of Capay Valley Viticultural Area (99R-449P)

**AGENCY:** Bureau of Alcohol, Tobacco and Firearms, Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Bureau of Alcohol, Tobacco and Firearms requests comments concerning the proposed establishment of the "Capay Valley" viticultural area in northwest Yolo County, California. The proposed Capay Valley viticultural area covers approximately 150 square miles or about 102,400 acres. Approximately 25 acres are currently planted to wine grapes.

**DATES:** Written comments must be received by September 23, 2002.

**ADDRESSES:** Send written comments to: Chief, Regulations Division, Bureau of Alcohol, Tobacco and Firearms, P.O. Box 50221, Washington, DC 20091-0221 (Attention: Notice No. 948). See the "Public Participation" section of this notice for instructions if you want to comment by facsimile or e-mail.

**FOR FURTHER INFORMATION CONTACT:** Kristy Colón, Regulations Division, Bureau of Alcohol, Tobacco and Firearms, 650 Massachusetts Avenue, NW., Washington, DC 20226; telephone 202-927-8210.

#### SUPPLEMENTARY INFORMATION:

##### Background on Viticultural Areas

###### *What Is ATF's Authority To Establish a Viticultural Area?*

The Federal Alcohol Administration Act (FAA Act) at 27 U.S.C. 205(e) requires that alcohol beverage labels provide the consumer with adequate information regarding a product's identity and prohibits the use of deceptive information on such labels. The FAA Act also authorizes the Bureau of Alcohol, Tobacco and Firearms (ATF) to issue regulations to carry out the Act's provisions.

Regulations in 27 CFR part 4, Labeling and Advertising of Wine, 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. A list of approved viticultural areas is contained in 27 CFR part 9, American Viticultural Areas.

###### *What Is the Definition of an American Viticultural Area?*

Section 4.25(e)(1), title 27 CFR, defines an American viticultural area as a delimited grape-growing region distinguishable by geographical features. Viticultural features such as soil, climate, elevation, and topography distinguish it from surrounding areas.

###### *What Is Required To Establish a Viticultural Area?*

Section 4.25a(e)(2), title 27, CFR 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 must include:

- Evidence that the name of the proposed viticultural area is locally and/or nationally known as referring to the area specified in the petition;

- Historical or current evidence that the boundaries of the viticultural area are as specified in the petition;

- Evidence relating to the geographical features (climate, soil, elevation physical features, etc.) which distinguish the viticultural features of the proposed area from surrounding areas;

- 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

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

##### Capay Valley Petition

ATF has received a petition from Tom Frederick and Pam Welch of Capay Valley Vineyards proposing to establish a viticultural area known as "Capay Valley" in northwestern Yolo County, California. The valley has several wine grape growers, including one who recently received awards for his wines. The petitioners state that the proposed Capay Valley viticultural area covers approximately 150 square miles or about 102,400 acres. Approximately 25 acres are currently planted to wine grapes.

###### *What Name Evidence Has Been Provided?*

The petitioners submitted as evidence an excerpt from the book "Capay Valley: The Land & The People," by Ada Merhoff. The information provided states the name "Capay Valley" was used in the late 1840's to identify the area when Pio Pico, Governor of the territory of Alta California, granted nine square leagues of land called the Rancho Canada de Capay to three Berryessa brothers. The book also contains a copy of an 1857 map of the valley, titled "Map of the Rancho Cañada De Capay." A copy of a map titled "Property owners 1858 Canada de Capay Grant" on page 6 of the book shows further subdivisions as lands were sold.

In addition, Merhoff's book mentions the Adobe Ranch, a 19th century Capay Valley ranch owned by John Gillig which also contained a vineyard and winery. Merhoff references other works that also mention Gillig's ranch. "The Western Shore Gazeteer & Commercial Directory for the State of California—Yolo County" by C.P. Sprague and H.W. Atwell stated in 1869 that the Capay Valley Winery at Gillig's ranch processed grapes from his and several other small vineyards in the vicinity that yielded 30,000 gallons of wine in both red and white varieties. Frank T.