

(ii) \* \* \* Any health and life insurance costs during the time an employee is not earning creditable wages.

(A) \* \* \* Any health and life insurance costs during the time an employee is not earning creditable wages.

(B) Any pension benefits that were not based on associated creditable wages. \* \* \*

\* \* \* \* \*

10. Section 303.17 is amended as follows:

A. Revise the section heading to read as set forth below.

B. Remove "payroll, production records" from paragraph (b)(6) and add "payroll, including time cards, production records" in its place.

C. Remove the last sentence of paragraph (c) and add two sentences in its place as set forth below.

**§ 303.17 Application for annual duty-refunds.**

\* \* \* \* \*

(c) \* \* \* It is the responsibility of each program producer to make the appropriate data available to the Departments' officials for the calendar year for which the annual verification is being performed and no further data, from the calendar year for which the audit is being completed, will be considered for benefits at any time after the audit has been completed. In the event of discrepancies between the application and substantiating data before the audit is complete, the Secretaries shall determine which data will be used in the calculation of the duty refund and allocations.

\* \* \* \* \*

**§ 303.19 [Amended]**

11. Section 303.19 is amended as follows:

A. Remove "creditable wages paid during" from the second sentence in paragraph (a)(1) and add "creditable wages, determined from the wages as reported on the employer's first two quarterly federal tax returns (941-SS), paid during" in its place.

B. Remove "duty refund will remain the same." from the fifth sentence in paragraph (a)(1) and add "duty refund will be based on verified creditable wages, duty-free shipments into the customs territory of the United States, creditable health insurance, life insurance and pension benefits and the duty differential, if watch tariffs have been reduced during the calendar year." in its place.

12. Section 303.20 is amended as follows:

A. Revise the section heading to read as set forth below.

B. Revise paragraph (b) to read as follows.

**§ 303.20 Duty refund calculations and miscellaneous provisions.**

\* \* \* \* \*

(b) *Calculation of the value of the mid-year production incentive certificates.* (1) The value of each producer's certificate shall equal the producer's average creditable wage per unit shipped during the first six months of the calendar year multiplied by the sum of:

(i) The number of units shipped up to 300,000 units times a factor of 90%; plus

(ii) Incremental units shipped up to 450,000 units times a factor of 85%; plus

(iii) Incremental units shipped up to 600,000 units times a factor of 80%; plus

(iv) Incremental units shipped up to 750,000 units times a factor of 75%.

(2) *Calculation of the value of the annual production incentive certificates.* The value of each producer's certificate shall equal the producer's average creditable benefit per unit based on creditable wages, health insurance, life insurance and pension benefits plus any duty differential, if applicable, averaged from the amount of duty free units shipped during the calendar year multiplied by the sum of the following to obtain the total verified amount of the annual duty-refund per company. This amount would then be adjusted by deducting the amount of the mid-year duty-refund already issued.

(i) The number of units shipped up to 300,000 units times a factor of 90%; plus

(ii) Incremental units shipped up to 450,000 units times a factor of 85%; plus

(iii) Incremental units shipped up to 600,000 units times a factor of 80%; plus

(iv) Incremental units shipped up to 750,000 units times a factor of 75%.

(3) The Departments may make adjustments for these data in the manner set forth in § 303.17(c).

\* \* \* \* \*

**§ 303.21 [Amended]**

13. Section 303.21 is amended by removing "post office address" from the first sentence of paragraph (b) and adding "address" in its place.

Dated: January 18, 2007.

**David Spooner,**

*Assistant Secretary for Import Administration, Department of Commerce.*

Dated: January 9, 2007.

**Nikolao Pula,**

*Director for Insular Affairs, Department of the Interior.*

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**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

[REG-125632-06]

**RIN 1545-BF83**

**Corporate Reorganizations; Distributions Under Sections 368(a)(1)(D) and 354(b)(1)(B); Correction Notice**

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

**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations; correction notice.

**SUMMARY:** This document contains corrections to notice of proposed rulemaking by cross-reference to temporary regulations that was published in the **Federal Register** on Tuesday, December 19, 2006 (71 FR 75898) providing guidance regarding the qualification of certain transactions as reorganizations described in section 368(a)(1)(D) where no stock and/or securities of the acquiring corporation are issued and distributed in the transaction.

**FOR FURTHER INFORMATION CONTACT:** Bruce A. Decker at (202) 622-7550 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The notice of proposed rulemaking by cross-reference to temporary regulations (REG-125632-06) that is the subject of these corrections are under sections 368 and 354 of the Internal Revenue Code.

**Need for Correction**

As published, notice of proposed rulemaking by cross-reference to temporary regulations (REG-125632-06) contains errors that may prove to be misleading and are in need of clarification.

**Correction of Publication**

Accordingly, the notice of proposed rulemaking by cross-reference to

temporary regulations (REG-125632-06) that was the subject of FR Doc. E6-21572, is corrected as follows:

On page 75898, column 3, in the preamble, under the caption, line 9, the language “acquiring corporation is issued and” is corrected to read “acquiring corporation are issued and.”

**LaNita Van Dyke,**

*Chief, Publications and Regulations Branch, Legal Processing Division, Office of Associate Chief Counsel (Procedure and Administration).*

[FR Doc. E7-860 Filed 1-23-07; 8:45 am]

BILLING CODE 4830-01-P

## DEPARTMENT OF THE TREASURY

### Alcohol and Tobacco Tax and Trade Bureau

#### 27 CFR Part 9

[Notice No. 71]

RIN 1513-AB27

#### Proposed Establishment of the Paso Robles Westside Viticultural Area (2006R-087P)

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

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Alcohol and Tobacco Tax and Trade Bureau proposes to establish the 179,622-acre “Paso Robles Westside” viticultural area in San Luis Obispo County, California. The proposed viticultural area is totally within the existing Paso Robles and Central Coast viticultural areas. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase. We invite comments on this proposed addition to our regulations.

**DATES:** We must receive written comments on or before March 26, 2007.

**ADDRESSES:** You may send comments to any of the following addresses:

- Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, Attn: Notice No. 71, P.O. Box 14412, Washington, DC 20044-4412.

- 202-927-8525 (facsimile).
- [nprm@ttb.gov](mailto:nprm@ttb.gov) (e-mail).
- [http://www.ttb.gov/wine/wine\\_rulemaking.shtml](http://www.ttb.gov/wine/wine_rulemaking.shtml). An online comment form is posted with this notice on our Web site.

- <http://www.regulations.gov> (Federal e-rulemaking portal; follow instructions for submitting comments).

You may view copies of this notice, the petition, the appropriate maps, and

any comments we receive about this proposal by appointment at the TTB Information Resource Center, 1310 G Street, NW., Washington, DC 20220. To make an appointment, call 202-927-2400. You may also access copies of the notice and comments online at [http://www.ttb.gov/wine/wine\\_rulemaking.shtml](http://www.ttb.gov/wine/wine_rulemaking.shtml).

See the Public Participation section of this notice for specific instructions and requirements for submitting comments, and for information on how to request a public hearing.

**FOR FURTHER INFORMATION CONTACT:** N. A. Sutton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 925 Lakeville St., No. 158, Petaluma, CA 94952; telephone 415-271-1254.

#### SUPPLEMENTARY INFORMATION:

##### Background on Viticultural Areas

###### *TTB Authority*

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

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

###### *Definition*

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

##### *Requirements*

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

- Evidence that the proposed viticultural area is locally and/or nationally known by the name specified in the petition;

- Historical or current evidence that supports setting the boundary of the proposed viticultural area as the petition specifies;

- Evidence relating to the geographic features, such as climate, soils, elevation, and physical features, that distinguish the proposed viticultural area from surrounding areas;

- A description of the specific boundary of the proposed viticultural area, based on features found on United States Geological Survey (USGS) maps; and

- A copy of the appropriate USGS map(s) with the proposed viticultural area's boundary prominently marked.

##### **Paso Robles Westside Petition**

TTB has received a petition from Holland & Knight LLP, San Francisco, California, proposing the establishment of the “Paso Robles Westside” American viticultural area in northern San Luis Obispo County, California. The petition was filed on behalf of 21 vintners and grape growers with interests in the proposed viticultural area, which is located approximately 20 miles east of the Pacific Ocean and 180 miles south of San Francisco. There are, according to the petitioner, approximately 2,425 acres within the proposed viticultural area currently dedicated to commercial vineyards.

##### *Relationship to Existing Viticultural Areas*

The proposed 179,622-acre Paso Robles Westside viticultural area is entirely within the existing 609,564-acre Paso Robles viticultural area (27 CFR 9.84), which in turn is entirely within the existing, multi-county Central Coast viticultural area (27 CFR 9.75). The Bureau of Alcohol, Tobacco and Firearms (ATF), TTB's predecessor agency, established the Paso Robles viticultural area in 1983 (see T.D. ATF-148, 48 FR 45239, October 4, 1983). In 1996, ATF expanded the Paso Robles viticultural area along its western boundary, increasing the viticultural area's size from approximately 557,000 acres to 609,564 acres (see T.D. ATF-377, 61 FR 29952, June 13, 1996).