

1 **SEC. 403. WITHDRAWAL OF CERTAIN FEDERAL LAND AND**
2 **INTERESTS IN CERTAIN FEDERAL LAND**
3 **FROM LOCATION, ENTRY, AND PATENT**
4 **UNDER THE MINING LAWS AND DISPOSITION**
5 **UNDER THE MINERAL AND GEOTHERMAL**
6 **LEASING LAWS.**

7 (a) DEFINITIONS.—In this section:

8 (1) BUREAU OF LAND MANAGEMENT LAND.—

9 The term “Bureau of Land Management land”
10 means the Bureau of Land Management land and
11 any federally-owned minerals located south of the
12 Blackfeet Indian Reservation and east of the Lewis
13 and Clark National Forest to the eastern edge of R.
14 8 W., beginning in T. 29 N. down to and including
15 T. 19 N. and all of T. 18 N., R. 7 W.

16 (2) ELIGIBLE FEDERAL LAND.—The term “eli-
17 gible Federal land” means the Bureau of Land Man-
18 agement land and the Forest Service land, as gen-
19 erally depicted on the map.

20 (3) FOREST SERVICE LAND.—The term “Forest
21 Service land” means—

22 (A) the Forest Service land and any feder-
23 ally-owned minerals located in the Rocky Moun-
24 tain Division of the Lewis and Clark National
25 Forest, including the approximately 356,111
26 acres of land made unavailable for leasing by

1 the August 28, 1997, Record of Decision for
2 the Lewis and Clark National Forest Oil and
3 Gas Leasing Environmental Impact Statement
4 and that is located from T. 31 N. to T. 16 N.
5 and R. 13 W. to R. 7 W.; and

6 (B) the Forest Service land and any feder-
7 ally-owned minerals located within the Badger
8 Two Medicine area of the Flathead National
9 Forest, including—

10 (i) the land located in T. 29 N. from
11 the western edge of R. 16 W. to the east-
12 ern edge of R. 13 W.; and

13 (ii) the land located in T. 28 N., Rs.
14 13 and 14 W.

15 (4) MAP.—The term “map” means the map en-
16 titled “Rocky Mountain Front Mineral Withdrawal
17 Area” and dated December 31, 2006.

18 (b) WITHDRAWAL.—

19 (1) IN GENERAL.—Subject to valid existing
20 rights, the eligible Federal land (including any inter-
21 est in the eligible Federal land) is withdrawn from—

22 (A) all forms of location, entry, and patent
23 under the mining laws; and

24 (B) disposition under all laws relating to
25 mineral and geothermal leasing.

1 (2) AVAILABILITY OF MAP.—The map shall be
2 on file and available for inspection in the Office of
3 the Chief of the Forest Service.

4 (c) TAX INCENTIVE FOR SALE OF EXISTING MIN-
5 ERAL AND GEOTHERMAL RIGHTS TO TAX-EXEMPT ENTI-
6 TIES.—

7 (1) EXCLUSION.—For purposes of the Internal
8 Revenue Code of 1986, gross income shall not in-
9 clude 25 percent of the qualifying gain from a con-
10 servation sale of a qualifying mineral or geothermal
11 interest.

12 (2) QUALIFYING GAIN.—For purposes of this
13 subsection, the term “qualifying gain” means any
14 gain which would be recognized as long-term capital
15 gain under such Code.

16 (3) CONSERVATION SALE.—For purposes of
17 this subsection, the term “conservation sale” means
18 a sale which meets the following requirements:

19 (A) TRANSFEREE IS AN ELIGIBLE ENTI-
20 TY.—The transferee of the qualifying mineral
21 or geothermal interest is an eligible entity.

22 (B) QUALIFYING LETTER OF INTENT RE-
23 QUIRED.—At the time of the sale, such trans-
24 feree provides the taxpayer with a qualifying
25 letter of intent.

1 (C) NONAPPLICATION TO CERTAIN
2 SALES.—The sale is not made pursuant to an
3 order of condemnation or eminent domain.

4 (4) QUALIFYING MINERAL OR GEOTHERMAL IN-
5 TEREST.—For purposes of this subsection—

6 (A) IN GENERAL.—The term “qualifying
7 mineral or geothermal interest” means an inter-
8 est in any mineral or geothermal deposit located
9 on eligible Federal land which constitutes a tax-
10 payer’s entire interest in such deposit.

11 (B) ENTIRE INTEREST.—For purposes of
12 subparagraph (A)—

13 (i) an interest in any mineral or geo-
14 thermal deposit is not a taxpayer’s entire
15 interest if such interest in such mineral or
16 geothermal deposit was divided in order to
17 avoid the requirements of such subpara-
18 graph or section 170(f)(3)(A) of such
19 Code, and

20 (ii) a taxpayer’s entire interest in such
21 deposit does not fail to satisfy such sub-
22 paragraph solely because the taxpayer has
23 retained an interest in other deposits, even
24 if the other deposits are contiguous with
25 such certain deposit and were acquired by

1 the taxpayer along with such certain de-
2 posit in a single conveyance.

3 (5) OTHER DEFINITIONS.—For purposes of this
4 subsection—

5 (A) ELIGIBLE ENTITY.—The term “eligible
6 entity” means—

7 (i) a governmental unit referred to in
8 section 170(c)(1) of such Code, or an
9 agency or department thereof operated pri-
10 marily for 1 or more of the conservation
11 purposes specified in clause (i), (ii), or (iii)
12 of section 170(h)(4)(A) of such Code, or

13 (ii) an entity which is—

14 (I) described in section
15 170(b)(1)(A)(vi) or section
16 170(h)(3)(B) of such Code, and

17 (II) organized and at all times
18 operated primarily for 1 or more of
19 the conservation purposes specified in
20 clause (i), (ii), or (iii) of section
21 170(h)(4)(A) of such Code.

22 (B) QUALIFYING LETTER OF INTENT.—
23 The term “qualifying letter of intent” means a
24 written letter of intent which includes the fol-
25 lowing statement: “The transferee’s intent is

1 that this acquisition will serve 1 or more of the
2 conservation purposes specified in clause (i),
3 (ii), or (iii) of section 170(h)(4)(A) of the Inter-
4 nal Revenue Code of 1986, that the transferee's
5 use of the deposits so acquired will be con-
6 sistent with section 170(h)(5) of such Code,
7 and that the use of the deposits will continue to
8 be consistent with such section, even if owner-
9 ship or possession of such deposits is subse-
10 quently transferred to another person.”.

11 (6) TAX ON SUBSEQUENT TRANSFERS.—

12 (A) IN GENERAL.—A tax is hereby im-
13 posed on any subsequent transfer by an eligible
14 entity of ownership or possession, whether by
15 sale, exchange, or lease, of an interest acquired
16 directly or indirectly in—

17 (i) a conservation sale described in
18 paragraph (1), or

19 (ii) a transfer described in clause (i),
20 (ii), or (iii) of subparagraph (D).

21 (B) AMOUNT OF TAX.—The amount of tax
22 imposed by subparagraph (A) on any transfer
23 shall be equal to the sum of—

24 (i) 20 percent of the fair market value
25 (determined at the time of the transfer) of

1 the interest the ownership or possession of
2 which is transferred, plus

3 (ii) the product of—

4 (I) the highest rate of tax speci-
5 fied in section 11 of such Code, times

6 (II) any gain or income realized
7 by the transferor as a result of the
8 transfer.

9 (C) LIABILITY.—The tax imposed by sub-
10 paragraph (A) shall be paid by the transferor.

11 (D) RELIEF FROM LIABILITY.—The person
12 (otherwise liable for any tax imposed by sub-
13 paragraph (A)) shall be relieved of liability for
14 the tax imposed by subparagraph (A) with re-
15 spect to any transfer if—

16 (i) the transferee is an eligible entity
17 which provides such person, at the time of
18 transfer, a qualifying letter of intent,

19 (ii) in any case where the transferee is
20 not an eligible entity, it is established to
21 the satisfaction of the Secretary of the
22 Treasury, that the transfer of ownership or
23 possession, as the case may be, will be con-
24 sistent with section 170(h)(5) of such
25 Code, and the transferee provides such

1 person, at the time of transfer, a quali-
2 fying letter of intent, or

3 (iii) tax has previously been paid
4 under this paragraph as a result of a prior
5 transfer of ownership or possession of the
6 same interest.

7 (E) ADMINISTRATIVE PROVISIONS.—For
8 purposes of subtitle F of such Code, the taxes
9 imposed by this paragraph shall be treated as
10 excise taxes with respect to which the deficiency
11 procedures of such subtitle apply.

12 (7) REPORTING.—The Secretary of the Treas-
13 ury may require such reporting as may be necessary
14 or appropriate to further the purpose under this
15 subsection that any conservation use be in per-
16 petuity.

17 (d) EFFECTIVE DATES.—

18 (1) MORATORIUM.—Subsection (b) shall take
19 effect on the date of the enactment of this Act.

20 (2) TAX INCENTIVE.—Subsection (c) shall
21 apply to sales occurring on or after the date of the
22 enactment of this Act.