

110TH CONGRESS
2D SESSION

S. 3399

To amend the Internal Revenue Code of 1986 to make permanent the reduction in the rate of tax on qualified timber gain of corporations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 31, 2008

Mrs. LINCOLN (for herself, Mr. SMITH, Ms. CANTWELL, Mr. CORNYN, Mrs. MURRAY, Mrs. DOLE, Ms. LANDRIEU, Mr. CHAMBLISS, Mr. WICKER, and Mr. VITTER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to make permanent the reduction in the rate of tax on qualified timber gain of corporations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Timber Revitalization
5 and Economic Enhancement Act II of 2008”.

1 **SEC. 2. PERMANENT REDUCTION IN RATE OF TAX ON**
 2 **QUALIFIED TIMBER GAIN OF CORPORATIONS.**

3 (a) IN GENERAL.—Section 1201(b)(1) of the Internal
 4 Revenue Code of 1986 is amended by striking “and begin-
 5 ning on or before the date which is 1 year after such
 6 date”.

7 (b) CONFORMING AMENDMENT.—Paragraph (3) of
 8 section 1201(b) of the Internal Revenue Code of 1986 is
 9 amended to read as follows:

10 “(3) COMPUTATION FOR TAXABLE YEARS IN
 11 WHICH RATE FIRST APPLIES.—In the case of any
 12 taxable year which includes the date set forth in
 13 paragraph (1), the qualified timber gain for such
 14 year shall not exceed the qualified timber gain prop-
 15 erly taken into account for the portion of the year
 16 after such date.”.

17 (c) EFFECTIVE DATE.—The amendments made by
 18 this section shall take effect as if included in the amend-
 19 ment made by section 15311(a) of the Food, Conservation,
 20 and Energy Act of 2008.

21 **SEC. 3. PERMANENT TIMBER REIT MODERNIZATION.**

22 (a) IN GENERAL.—Section 856(c)(5)(H) of the Inter-
 23 nal Revenue Code of 1986 is amended by striking clause
 24 (iii).

1 (b) CONFORMING AMENDMENT.—Section 856(c) of
 2 the Internal Revenue Code of 1986 is amended by striking
 3 paragraph (8).

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall take effect as if included in the amend-
 6 ment made by section 15312 of the Food, Conservation,
 7 and Energy Act of 2008.

8 **SEC. 4. PERMANENT QUALIFICATION OF MINERAL ROY-**
 9 **ALTY INCOME FOR TIMBER REITS.**

10 (a) IN GENERAL.—Section 856(c)(2)(I) of the Inter-
 11 nal Revenue Code of 1986 is amended by striking “the
 12 first taxable year beginning after the date of the enact-
 13 ment of this subparagraph” and inserting “any taxable
 14 year”.

15 (b) EFFECTIVE DATE.—The amendment made by
 16 this section shall take effect as if included in the amend-
 17 ment made by section 15313(a) of the Food, Conservation,
 18 and Energy Act of 2008.

19 **SEC. 5. PERMANENT MODIFICATION OF PROHIBITED**
 20 **TRANSACTION RULES FOR TIMBER PROP-**
 21 **ERTY.**

22 (a) IN GENERAL.—

23 (1) Section 857(b)(6)(D)(v) of the Internal
 24 Revenue Code of 1986 is amended by striking “, in

1 the case of a sale on or before the termination
2 date,”.

3 (2) Section 857(b)(6)(H) of such Code is
4 amended by striking “In the case of a sale on or be-
5 fore the termination date, the sale” and inserting
6 “The sale”.

7 (3) Section 857(b)(6) of such Code is amended
8 by striking subparagraph (I).

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect as if included in the amend-
11 ments made by section 15315 of the Food, Conservation,
12 and Energy Act of 2008.

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