HOUSE BILL NO. 58

INTRODUCED BY DRISCOLL

IN THE HOUSE

DECEMBER 31, 1990 INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.

JANUARY 7, 1991 FIRST READING.

JANUARY 18, 1991 COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.

JANUARY 19, 1991 PRINTING REPORT.

JANUARY 21, 1991 SECOND READING, DO PASS.

JANUARY 22, 1991 ENGROSSING REPORT.

THIRD READING, PASSED. AYES, 99; NOES, 0.

TRANSMITTED TO SENATE.

IN THE SENATE

JANUARY 24, 1991

JANUARY 23, 1991

INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.

FIRST READING.

MARCH 6, 1991 COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.

MARCH 7, 1991

MARCH 8, 1991

THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.

SECOND READING, CONCURRED IN.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 8, 1991

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

HB 0058/01

2	INTRODUCED BY DRISCOLL
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS
5	RELATING TO THE SUSPENSION AND CANCELLATION OF THE
6	COLLECTION OF CERTAIN PROPERTY TAXES ON COMMERCIAL PROPERTY;
7	$\dot{\textbf{p}} \textbf{roviding}$ that the governing body may subordihate a county's
8	TAX LIEN TO A PURCHASER'S FINANCING; REMOVING THE
9	TERMINATION OF THE PROGRAM BY REPEALING SECTION 17, CHAPTER
10	631, LAWS OF 1989; AND AMENDING SECTION 15-24-1701, MCA."

HOUSE BILL NO. 58

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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-24-1701, MCA, is amended to read: 13 *15-24-1701. (Temporary) Suspension and cancellation of 14 15 collection of certain property taxes on commercial property -- subordination of county tax lien -- local government 16 17 discretion. (1) The governing body of a county or 18 consolidated local government unit may suspend collection of 19 delinguent property taxes on commercial property to 20 facilitate the purchase and continued operation of a 21 business utilizing the commercial property if the property has not been used in a business for 6 months immediately 22 23 preceding the date of suspension.

24 (2) The governing body may refuse to suspend delinquent25 taxes if it determines that the purchase of the commercial

Montana Legislative Council

1	property is not an arm's length transaction or if the
2	purchase otherwise appears to be a restructuring of
3	ownership for the primary purpose of escaping payment of
4	delinquent property taxes or if the governing body
5	determines the cancellation is not in the best interest of
6	the county.

7 (3) If the purchaser is obtaining financing as a part 8 of a purchase agreement, the purchaser may request 9 subordination of the suspended tax lien to the financing. 10 The request must include an operational plan, levels of 11 employment, and other factors the governing body may 12 consider important in determining if subordination of the 13 county's tax lien position is in the best interest of the 14 people of the county, Subordínation does not diminish any 15 other claims of tax lien as established by this section. 16 (3)(4) If a purchaser of such commercial property 17 continuously utilizes the property in a profit-oriented, 18 employment-stimulating business for 3 years from the date of purchase, the governing body may cancel the collection of 19 the suspended delinquent property taxes. The governing body 20 may not cancel the suspended delinquent property taxes if 21 22 the purchaser is delinquent on taxes for any other property within the governing body's taxing jurisdiction. (Terminates 23 Becember-317-1993--sec-177-Ch--6317-5--1989-7" 24 25 NEW SECTION. Section 2. Repealer. Section 17, Chapter

INTRODUCED BILL -2-HB 58

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HB 0058/01

1 631, Laws of 1989, is repealed.

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STATE OF MONTANA - FISCAL NOTE Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for <u>HB0058</u>, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

As act amending the laws relating to the suspension and cancellation of the collection of certain property taxes on commercial property; providing that the governing body may subordinate a county's tax lien to a purchaser's financing; removing the termination date of the program.

ASSUMPTIONS:

This proposal has no impact on state expenditures or revenues.

DATE

ROD SUNDSTED, BUDGET DIRECTOR Office of Budget and Program Planning

DATE

JERRY L. DRISCOLL, PRIMARY SPONSOR

Fiscal Note for HB0058, as introduced

HB58

52nd Legislature

HB 0058/02

APPROVED BY COMMITTEE ON TAXATION

HOUSE BILL NO. 58 1 INTRODUCED BY DRISCOLL 2 3 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS 4 SUSPENSION AND CANCELLATION OF THE THE 5 RELATING тО COLLECTION OF CERTAIN PROPERTY TAXES ON COMMERCIAL PROPERTY; 6 PROVIDING THAT THE GOVERNING BODY MAY SUBORDINATE A COUNTY'S 7 REMOVING THE TAX LIEN TO A PURCHASER'S FINANCING; 8 TERMINATION OF THE PROGRAM BY REPEALING SECTION 17, CHAPTER 9 631, LAWS OF 1989; AND AMENDING SECTION 15-24-1701, MCA." 10 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12 Section 1. Section 15-24-1701, MCA, is amended to read: 13 "15-24-1701. (Temporary) Suspension and cancellation of 14 collection of certain property taxes on commercial property 15 -- subordination of county tax lien -- local government 16 discretion. (1) The governing body of a county or 17 consolidated local government unit may suspend collection of 18 delinquent property taxes on commercial property to 19 facilitate the purchase and continued operation of 20 business utilizing the commercial property if the property 21 has not been used in a business for 6 months immediately 22 preceding the date of suspension. 23

24 (2) The governing body may refuse to suspend delinquent
25 taxes if it determines that the purchase of the commercial



property is not an arm's length transaction or if the 1 otherwise appears to be a restructuring of 2 purchase 3 ownership for the primary purpose of escaping payment of property taxes or if the governing body 4 delinguent 5 determines the cancellation is not in the best interest of 6 the county. 7 (3) If the purchaser is obtaining financing as a part 8 of a purchase agreement, the purchaser may request AND THE 9 GOVERNING BODY MAY GRANT A subordination of the suspended 10 tax lien to the financing. The request must include an 11 operational plan, levels of employment, and other factors 12 the governing body may consider important in determining if 13 subordination of the county's tax lien position is in the 14 best interest of the people of the county. Subordination 15 does not diminish any other claims of tax lien as 16 established by this section. 17 (3)(4) If a purchaser of such commercial property 18 continuously utilizes the property in a profit-oriented, 19 employment-stimulating business for 3 years from the date of purchase, the governing body may cancel the collection of 20 21 the suspended delinquent property taxes. The governing body 22 may not cancel the suspended delinguent property taxes if 23 the purchaser is delinquent on taxes for any other property 24 within the governing body's taxing jurisdiction. (Perminates 25 December-31;-1993- sec--17;-Ch--631;-L-1989;+"

SECOND READING

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1 NEW SECTION. Section 2. Repealer. Section 17, Chapter

2 631, Laws of 1989, is repealed.

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2	INTRODUCED BY DRISCOLL	2	purchase othe
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4	A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS	4	delinquent pr
5	RELATING TO THE SUSPENSION AND CANCELLATION OF THE	5	determines the
6	COLLECTION OF CERTAIN PROPERTY TAXES ON COMMERCIAL PROPERTY;	6	the county.
7	PROVIDING THAT THE GOVERNING BODY MAY SUBORDINATE A COUNTY'S	7	<u>(3) If</u> th
8	TAX LIEN TO A PURCHASER'S FINANCING; REMOVING THE	8	of a purchase a
9	TERMINATION OF THE PROGRAM BY REPEALING SECTION 17, CHAPTER	9	GOVERNING BODY
10	631, LAWS OF 1989; AND AMENDING SECTION 15-24-1701, MCA."	10	tax lien to the
11		11	operational pl
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	1 2	<u>the governing b</u>
13	Section 1. Section 15-24-1701, MCA, is amended to read:	13	subordination
14	"15-24-1701. (Temporary) Suspension and cancellation of	14	best interest o
15	collection of certain property taxes on commercial property	15	<u>does not di</u>
16	subordination of county tax lien local government	16	established by
17	discretion. (1) The governing body of a county or	17	(3)<u>(4)</u> If
18	consolidated local government unit may suspend collection of	18	continuously ut
19	delinguent property taxes on commercial property to	19	employment-stim
20	facilitate the purchase and continued operation of a	20	purchase, the
21	business utilizing the commercial property if the property	21	the suspended o
22	has not been used in a business for 6 months immediately	22	may not cance
23	preceding the date of suspension.	23	the purchaser
24	(2) The governing body may refuse to suspend delinquent	24	within the gove
25	taxes if it determines that the purchase of the commercial	25	December-317-19
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L'Montana Legislative Council

1	property is not an arm's length transaction or if the
2	purchase otherwise appears to be a restructuring of
3	ownership for the primary purpose of escaping payment of
4	delinquent property taxes or if the governing body
5	determines the cancellation is not in the best interest of
6	the county.
7	(3) If the purchaser is obtaining financing as a part
8	of a purchase agreement, the purchaser may request AND THE
9	GOVERNING BODY MAY GRANT A subordination of the suspended
10	tax lien to the financing. The request must include an
11	operational plan, levels of employment, and other factors
1 2	the governing body may consider important in determining if
13	subordination of the county's tax lien position is in the
14	best interest of the people of the county. Subordination
15	does not diminish any other claims of tax lien as
16	established by this section.
17	(3)(4) If a purchaser of such commercial property
18	continuously utilizes the property in a profit-oriented,
19	employment-stimulating business for 3 years from the date of
20	purchase, the governing body may cancel the collection of
21	the suspended delinquent property taxes. The governing body
22	may not cancel the suspended delinquent property taxes if
23	the purchaser is delinquent on taxes for any other property
24	within the governing body's taxing jurisdiction. {Terminates
25	December-31;-1993sec;-17;-Ch;-631;-h;-1989;1"
	THIRD READING
	-2- HB 58

- 1 NEW SECTION. Section 2. Repealer. Section 17, Chapter
- 2 631, Laws of 1989, is repealed.

-End-

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25 Becember-317-1993--seet-177-Cht-6317-5t-1989th"

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REFERENCE BILL

BB 58

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1 NEW SECTION. Section 2. Repealer. Section 17, Chapter

2 631, Laws of 1989, is repealed.

-End-

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