



## 1 HOUSE BILL NO. 58

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 PROVIDING THAT THE GOVERNING BODY MAY SUBORDINATE 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."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:13 **Section 1.** Section 15-24-1701, MCA, is amended to read:

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

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

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. Subordination 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  
19 purchase, the governing body may cancel the collection of  
20 the suspended delinquent property taxes. The governing body  
21 may not cancel the suspended delinquent property taxes if  
22 the purchaser is delinquent on taxes for any other property  
23 within the governing body's taxing jurisdiction. ~~Terminates~~  
24 ~~December 31, 1993--sec--17--Ch--6317--L--1989--)~~

25 NEW SECTION. **Section 2.** Repealer. Section 17, Chapter

HB 0058/01

1 631, Laws of 1989, is repealed.

-End-

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

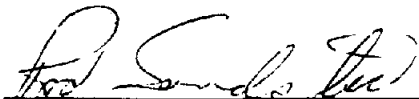
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0058, as introduced.

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.

  
\_\_\_\_\_  
ROD SUNDSTED, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning      1-8-91

  
\_\_\_\_\_  
JERRY L. DRISCOLL, PRIMARY SPONSOR      DATE  
11/8/91

Fiscal Note for HB0058, as introduced

**HB58**

APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 58

INTRODUCED BY DRISCOLL

A BILL FOR AN ACT ENTITLED: "AN 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 OF THE PROGRAM BY REPEALING SECTION 17, CHAPTER 631, LAWS OF 1989; AND AMENDING SECTION 15-24-1701, MCA."

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

**Section 1.** Section 15-24-1701, MCA, is amended to read:

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

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

(3) If the purchaser is obtaining financing as a part of a purchase agreement, the purchaser may request AND THE GOVERNING BODY MAY GRANT A subordination of the suspended tax lien to the financing. The request must include an operational plan, levels of employment, and other factors the governing body may consider important in determining if subordination of the county's tax lien position is in the best interest of the people of the county. Subordination does not diminish any other claims of tax lien as established by this section.

~~(3)~~(4) If a purchaser of such commercial property continuously utilizes the property in a profit-oriented, employment-stimulating business for 3 years from the date of purchase, the governing body may cancel the collection of the suspended delinquent property taxes. The governing body may not cancel the suspended delinquent property taxes if the purchaser is delinquent on taxes for any other property within the governing body's taxing jurisdiction. ~~Terminates December 31, 1993 -- sec 17-631-6-1989-1"~~

SECOND READING



HB 0058/02

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

-End-

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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-31-1993--sec--177-287-6317-hr-1989-t"~~

THIRD READING

HB 0058/02

1        NEW SECTION.   **Section 2. Repealer.**   Section 17, Chapter  
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REFERENCE BILL



HB 0058/02

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-End-