

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Bob Brown, on January 20, 1989,  
at 8:00 a.m.

ROLL CALL

Members Present: Chairman Brown, Vice Chairman Hager,  
Senator Bishop, Senator Crippen, Senator Eck, Senator  
Gage, Senator Halligan, Senator Harp, Senator Mazurek,  
Senator Norman Senator Severson, Senator Walker

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Council Researcher,  
Jill Rohyans, Committee Secretary

Announcements/Discussion: None

HEARING ON SENATE BILL 139

Presentation and Opening Statement by Sponsor: Senator  
Hager, District 48, sponsor, said he introduced Senate  
Bill 139 at the request of Merrill Klundt, Yellowstone  
County Clerk and Recorder as well as the Montana  
Association of Clerks and Recorders.

List of Testifying Proponents and What Group they Represent:

Merrill Klundt, Yellowstone County Clerk and Recorder  
Cort Harrington, Montana Clerks and Recorders and  
Montana County Treasurers

List of Testifying Opponents and What Group They Represent:

Jim Wysocki, City Manager, Bozeman  
Chuck Stearns, Missoula County  
Shelly Laine, City of Helena

Testimony:

Merrill Klundt, Yellowstone County Clerk and Recorder,  
presented his written testimony in support of the bill  
(Exhibit 1).

Cort Harrington, representing the Montana Clerks and Recorders and Montana County Treasurers, said the main problem is the 18 month cycle. The 18 months expires in the middle of the treasurers most busy time. They would prefer to have the tax sale process follow a one, two or three year cycle so it would expire in the summer.

Opponents:

Jim Wysocki, City Manager, Bozeman, presented his testimony in opposition to the bill (Exhibit 2). He also submitted a letter from the City of Belgrade (Exhibit 3).

Chuck Stearns, representing Missoula County, asked the committee to institute the one year cycle. He said the two year cycle is not as good, as it ends up taking three years to finalize. He pointed out the City of Belgrade issued a 20 year "0" bond levying 22 mills annually, making a total levy of 87 mills. Twenty-two mills of that is for SID subsidies. Missoula has had to go into the land business. They sold 69 lots last year, have an inventory of 40 lots in one subdivision and a platted subdivision of 193 lots they cannot sell. Polson and Columbia Falls both have an inventory of lots. They strongly support a one year cycle.

Shelly Laine, representing the City of Helena, said it doesn't take too many years for the balance of unpaid assessments, interest and penalties to meet or exceed the fair market value of an unimproved lot. The City of Helena is also in the land business at present. She agreed with previous testimony by Mr. Stearns.

There were no further proponents or opponents.

Questions From Committee Members: Senator Crippen asked Mr. Klundt how much extra work a one year redemption period would involve.

Mr. Klundt replied it would be quite a bit due to the fact they would have to run an inventory and check every parcel for buildings. About 85% of the parcels are vacant lots. It would require more staff. He said he would prefer a 24 month cycle rather than a 12 month cycle. He said they recently put 500 parcels up for sale and sold 100. The next sale in March will offer 300 parcels and he noted they hadn't started on 1985. He felt times are tough and taxpayers should have a

little more time rather than being cut so short.

Senator Crippen asked Mr. Wysocki if he has the same problem.

Mr. Wysocki replied now that they can pay every six months the taxpayer picks up the payment about the time the next one is due if the payments aren't accelerated. He noted there is a bill in to eliminate acceleration, which is a good thing as the people don't understand it.

Senator Gage asked how the amended section applies to unimproved lots.

Mr. Wysocki pointed out county records would show any improvements. Improvements would also show up on assessment rolls.

Senator Gage asked if there is a contradiction between sub paragraph 1 and sub paragraph 2 regarding interested parties.

Mr. Harrington said an interested party is someone who has to be notified. However, someone may have an unrecorded interest. He felt there is no conflict, in fact, it clearly protects a person with an unrecorded interest.

ADJOURNMENT

Adjournment At: 9:07 a.m.

  
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SENATOR BOB BROWN, Chairman

BB/jdr

min120jr.sr

ROLL CALL

TAXATION

COMMITTEE

~~51st~~ LEGISLATIVE SESSION -- 1989

Date 1/20/89

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
SENATOR CRIPPEN	X		
SENATOR ECK	X		
SENATOR GAGE	X		
SENATOR HAGER	X		
SENATOR HALLIGAN	X		
SENATOR HARP	X		
SENATOR MAZUREK	X		
SENATOR NORMAN	X		
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.

# County of Yellowstone

MERRILL H. KLUNDT  
Clerk & Recorder



Billings, Montana 59101

January 19, 1989

Senator Bob Brown, Chairman  
Taxation Committee  
Capitol Building  
Helena, MT 59620

Dear Senator Brown and Committee Members:

The purpose of this bill is to repeal the provision Section 15-18-111 (2) M.C.A., which allows the county to proceed with tax deed action for property subdivided as a residential or commercial lot upon which taxes or special assessments are delinquent and upon which no habitable dwelling or commercial structure is situated, redemption of the property tax lien acquired at a tax sale or otherwise may be made by the owner, the holder of an unrecorded or improperly recorded interest, or any interested party within 18 months from the date of the first day of the tax sale or within 60 days following the giving of the notice that a tax deed may be issued as required in Section 15-18-212 M.C.A., whichever is later.

The Montana Clerk and Recorder's Association and I are asking for your support in repealing the 18 month provision for the following reasons:

1. When taxes and special assessments are delinquent after May 31st of each year, the County Treasurer under Section 15-17-122 M.C.A., shall publish notice of a pending tax sale. This notice must be published on or before the last Monday in June and the sale may not be held less than 21 days or more than 28 days from the date of the first publication. If there is no purchaser at this sale the property is struck off to the county. This procedure is done again the following year and if no purchaser, is again struck off to the county.

Under the 18 month provision there would only be one tax sale certificate issued by the Treasurer. The second tax sale certificate issued would be at the end of 24 months delinquency and etc. The 18 month provision is in the middle of the Treasurers annual tax sale process. This allows for a gray area in the tax deed process. The process should be started after the annual tax deed sale conducted by the County Treasurer following 12 month, 24 months or 36 months.

SENATE TAXATION

EXHIBIT NO. 1 pg 2

DATE 1/30/89

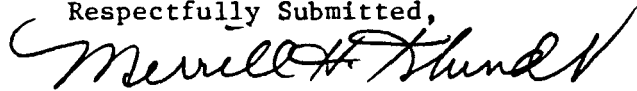
BILL NO. SB 134

There is no provision for the County Treasurer to issue a 6 month tax sale certificate.

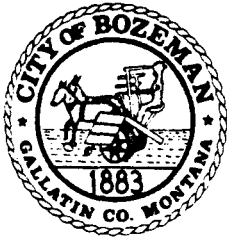
2. Section 15-18-111 (2) M.C.A., the 18 month provision is certainly creating a problem for taxpayers, especially when the economy is so poor in the State of Montana. There has been some discussion with legislators relative to the new tax deed laws passed by the 1987 Legislature and its intent of leniency to the taxpayers. This provision certainly compounds the taxpayers problems.

Your approval of this bill will be greatly appreciated.

Respectfully Submitted,



Merrill H. Klundt  
Clerk and Recorder  
Yellowstone County



THE CITY OF BOZEMAN

411 E. MAIN ST. P.O. BOX 640 PHONE (406) 586-3321  
BOZEMAN, MONTANA 59771-0640

SENATE TAXATION  
EXHIBIT NO. 2  
DATE 1/20/89  
BILL NO. SB 139

January 20, 1989

Senate Taxation Committee  
Capitol Station  
Helena, Montana 59620

Dear Committee Members:

Please accept this as a letter of objection to the changes proposed in Senate Bill 139 regarding the redemption period for property tax liens for vacant lots which have taxes or assessments that are delinquent. In the 1987 session, the Cities of Bozeman, Columbia Falls, Belgrade, Billings and Missoula expressed concern about the 36-month redemption period. To allow an accumulation of delinquencies for three years at that time meant the possibility of three missed annual payments. Since then, laws have changed and debtors to an SID are required to make semi-annual payments, which would result in the possibility of six missed payments in a three-year period.

It seems to us that an 18-month period which would allow for either a catch-up or the missing of three payments, though only six-month payments, is sufficient indication on the part of local government to read the intent or the ability of the debtor to pay. The City fully understands the responsibilities of being a conduit for this type of financing and being responsible to its taxpayers. The State Legislature acted responsibly in the 1987 session by creating a law which compromises the wants of the Cities and the desires of the larger owners of subdivided and vacant properties.

Please reject the proposed changes by Senator Hager's bill, Senate Bill 139. Thanks for the consideration.

Sincerely,

JAMES E. WYSOCKI  
City Manager

JEW:rs

CITY OF BELGRADE  
STATE OF MONTANA

SENATE TAXATION

EXHIBIT NO. 3

DATE 1/30/89

BILL NO. SB 139

19 January 1989

Senate Taxation Committee  
Capitol Station  
Helena, MT 59620

Dear Committee Members,

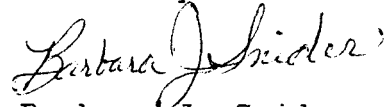
The City of Belgrade is concerned about the proposal to change the redemption period on vacant lots from 18 months to 36 months.

Belgrade Citizens last November voted to approve a General Obligation Bond for the amount of \$660,000 to pay off SID delinquencies. (This amounts to about 86% of the City's legal debt capacity.)

The largest portion of these private debts is for water, sewer, and street improvements on vacant lots. A number of these lots are in the Bullthistle Addition, and are now in County ownership via tax deed. The improvements were begun in 1979. After three years of delinquencies, (as permitted by state statutes at that time), the City attempted action only to face litigation, which resulted in an additional two years of delay. The developers are bankrupt, and the responsible Citizens of Belgrade have been stuck with their debt.

This should clearly explain why Belgrade opposes the plan to increase the redemption period from 18 months to 36 months, and we sincerely hope that the Committee will understand.

Sincerely,



Barbara J. Snider  
Mayor

City mailing address is now 88 N. Broadway



