



OFFICE OF THE CITY ATTORNEY

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February 17, 2005

Re: Opposition of SB 382 providing city urban renewal actions may not serve as a pass through entity using eminent domain powers to obtain and sell property within 10 years of acquisition and requiring property obtained through condemnation may be used only for public purposes

Honorable State Senators:

The purpose of Montana's municipal urban renewal law is to facilitate the elimination and prevention of blight as well as to facilitate redevelopment and rehabilitation of urban renewal areas. A significant part of urban renewal efforts may be to redevelop and rehabilitate real property, increase its value and keep it on the tax rolls for the benefit of all taxing jurisdictions.

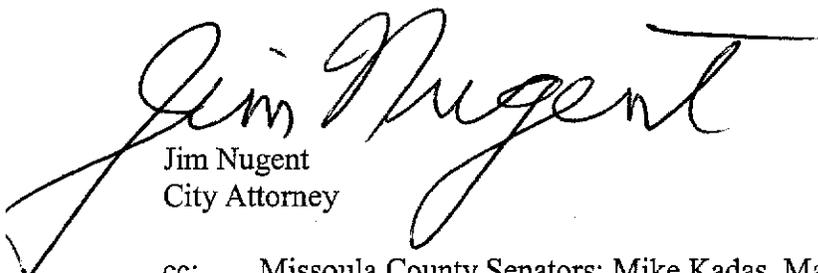
SB 382 is contrary to the purpose and intent of Montana's current municipal urban renewal laws. Eminent domain could be an important tool for the elimination or prevention of blight as well as for the redevelopment and rehabilitation of a designated urban renewal area. Eminent domain powers seldom need to be actually implemented. However, the eminent domain power is a valuable tool for real property owners. If a real property owner is able to sell pursuant to a threat of eminent domain there are tax benefits, such as a greater time period within which to reinvest real estate sale proceeds before federal capital gains tax applies. The threat of eminent domain has at times been an incentive for real property owners to sell their property. Property owners have actually requested the use of the threat of eminent domain prior to actually selling their property.

Municipal government being required to own the land at least ten years would adversely affect the ability to redevelop or rehabilitate the land, increase its tax value and get it timely back on the tax rolls for the benefit of all taxing jurisdictions.

The City of Missoula urges that SB 382 be defeated.

Sincerely,

OFFICE OF THE CITY ATTORNEY


Jim Nugent
City Attorney

cc: Missoula County Senators; Mike Kadas, Mayor; City Council; Janet Stevens, CAO; Alec Hansen, Montana League of Cities & Towns; Ellen Buchanan, MRA Director; Chris Behan, MRA; Brentt Ramharter, Finance Director