

SENATE BILL NO. 451

INTRODUCED BY D. HARRINGTON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING ~~MUNICIPALITIES~~ A LOCAL GOVERNMENT WITH A STATUTORY LIEN ON INSURED PROPERTY DESTROYED BY FIRE; AUTHORIZING ~~MUNICIPALITIES TO ENACT RESOLUTIONS THAT ALLOW THE MUNICIPALITY TO BE A DUAL PAYEE ON LOCAL GOVERNMENTS TO EXECUTE A LIEN ON DEBRIS REMOVAL~~ INSURANCE PROCEEDS; AND AMENDING SECTION 33-24-104, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 33-24-104, MCA, is amended to read:

"33-24-104. ~~Tax lien~~ Government liens on insured property destroyed by fire. (1) If taxes are due and unpaid on property covered by fire insurance and damaged or destroyed by fire, the government entity owed the taxes has a lien on fire insurance proceeds paid in relation to that property in the amount of the unpaid taxes.

(2) A municipality that enacts a resolution described in [section 2] has a lien on fire insurance proceeds paid in relation to that property in the amount of 25% of the insurance proceeds if the fire chief or other LOCAL GOVERNMENT MAY EXECUTE A LIEN ON THE PORTION OF INSURANCE PROCEEDS FOR DEBRIS REMOVAL IF IT IS DETERMINED THAT THE UNDERLYING PROPERTY IS WORTH LESS THAN THE COST OF DEBRIS REMOVAL AND AN appropriate local official declares the property to be a danger to the public.

(3) Once the property is rehabilitated and the appropriate official determines that there is no longer a danger to the public, the lien under subsection (2) is released.

~~NEW SECTION. **Section 2. Participating municipalities.** (1) A municipality may, pursuant to a resolution adopted by the governing body, notify the state auditor in writing that the municipality has enacted a resolution providing for a lien on fire insurance proceeds pursuant to 33-24-104(2) with respect to all property located within the municipality.~~

~~(2) The state auditor shall prepare and distribute a list of all municipalities that have elected to apply 33-24-104(2) and this section to all insurance companies transacting property insurance in Montana.~~

1 ~~—— (3) A municipality remains on the list until a written request for deletion has been received by the state~~
2 ~~auditor.~~

3 ~~—— (4) A municipality may not apply 33-24-104(2) with respect to any loss that occurred before [the effective~~
4 ~~date of this act] or before being added to the list by the state auditor.~~

5 ~~—— (5) An insurer covering a loss for which a municipality has a lien under 33-24-104(2) and this section~~
6 ~~shall pay the loss by an instrument issued jointly to the insured and the appropriate municipality.~~

7 ~~—— (6) For the purposes of 33-24-104 and this section, "municipality" means an incorporated city or town~~
8 ~~or a consolidated government.~~

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10 ~~—— NEW SECTION. Section 3. Codification instruction. [Section 2] is intended to be codified as an~~
11 ~~integral part of Title 33, chapter 24, and the provisions of Title 33, chapter 24, apply to [section 2].~~

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13 NEW SECTION. SECTION 2. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE ON PASSAGE AND APPROVAL.

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15 NEW SECTION. SECTION 3. APPLICABILITY. [THIS ACT] APPLIES TO INSURANCE POLICIES ENTERED INTO OR
16 RENEWED ON OR AFTER [THE EFFECTIVE DATE OF THIS ACT].

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