

# LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor  
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:  
Cindy Jorgenson  
William Soller

## Real Property Tax Exemptions (21P-06)

### Montana Department of Revenue

**Audit Objectives:** *(what the audit intends to accomplish, or questions auditors will answer)*

- Is the department effectively collecting and managing information to ensure accuracy and usefulness of real property tax exemption data?
- Do Montana's real property tax exemptions achieve their intended purpose while maintaining equal treatment for similar types of taxpayers?

**Audit Scope:** *(the boundary of the audit & subject matter auditors will assess)*

- Analyze Montana exempt real property data in the department's Orion database:
  - Records of real property that is automatically exempt from property tax (primarily government property, ~113,000 properties)
  - Records for entities that must apply to receive a real property tax exemption (primarily properties owned by non-profit/charitable organizations, ~5,000 properties)
- Compare real property tax exemption information from department database with select county databases, as feasible
- Review department process for reviewing applications for real property tax exemptions with particular focus on the granting of partial exemptions
  - Review applications and associated documentation for real property tax exemptions from 2015 – 2021
- Examine results of HB 389 (2015)
- Review legislative history of Montana real property tax exemption policy
- Speak with stakeholders and interview other states regarding best practices for managing, overseeing, and evaluating property tax exemption information