

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 15899
[Redacted],)	
)	DECISION
Petitioner.)	
_____)	

This case arises from a timely protest of a State Tax Commission staff (staff) decision adjusting property tax reduction benefits for 2001. This matter was submitted for a decision based on the documents in the file. The State Tax Commission has reviewed the file and makes its decision based on the file.

The amount of property tax reduction depends on the household income--the greater the income, the smaller the benefit. The staff adjusted the petitioner's eligibility for property tax reduction by denying the benefit. The petitioner submitted a timely appeal.

[Redacted] (petitioner) filed a property tax reduction benefits application on or about January 7, 2001. During review of the petitioner's application, the staff noted the petitioner had listed only himself as living in the home. However, the petitioner's federal income tax return did not support that claim. The petitioner and his wife had filed their 2000 federal income tax return with a filing status of married filing joint. The address in that return was the subject property.

The staff sent the petitioner a letter advising him of the intent to deny the property tax reduction benefits because the federal adjusted gross income shown in the tax return exceeded the maximum amount of household income allowed for a claimant to qualify for benefits. The petitioner appealed and his file was transferred to the Legal/Tax Policy Division for administrative review.

Income for property tax reduction benefit purposes is defined in Idaho Code § 63-701 as follows:

63-701. Definitions. As used in this chapter:

- (5) **"Income" means the sum of federal adjusted gross income** as defined in the internal revenue code, as defined in section 63-3004, Idaho Code, and to the extent not already included in federal adjusted gross income, alimony, support money, income from inheritances, nontaxable strike benefits, the nontaxable amount of any individual retirement account, pension or annuity, (including railroad retirement benefits, all payments received under the federal social security act, state unemployment insurance laws, and veterans' disability pensions and compensation, excluding rollovers as provided in section 402 or 403 of the internal revenue code), nontaxable interest received from the federal government or any of its instrumentalities or a state government or any of its instrumentalities, worker's compensation and the gross amount of loss of earnings insurance. It does not include capital gains, gifts from nongovernmental sources or inheritances. To the extent not reimbursed, cost of medical care as defined in section 213(d) of the internal revenue code, incurred by the household may be deducted from income. **"Income" does not include veterans disability pensions received by a person described in subsection (1)(e) who is a claimant or a claimant's spouse, provided however, that the disability pension is received pursuant to a service-connected disability of a degree of forty percent (40%) or more.** . . . (Emphasis added.)

The petitioner's application indicated he was qualified to receive the benefits as a 100% disabled veteran. In his letter of protest, he pointed out that he was permanently and totally disabled as a result of his service in Vietnam. He said he felt the Tax Commission was penalizing him because he is now married to a working, productive woman.

Idaho Code § 63-701 requires certain monies to be included in income for determining whether an applicant qualifies to receive the property tax reduction benefits. In addition, the amount of benefit to be paid to a qualified applicant is determined by the total household income. The definition of income begins with federal adjusted gross income.

The staff amended the petitioner's application to include federal adjusted gross income of the petitioner and his wife as reported in their 2000 federal and state income tax returns. The staff did not include the petitioner's nontaxable disability benefits because he is recognized as 100% disabled

by the Veterans' Administration.

The code defines this income based benefit program for certain homeowners. The law directs an applicant to begin with federal adjusted gross income and add or subtract certain other monies from that income. The petitioner's federal adjusted gross income, including the income his wife earned, must be included in the total household income for the property tax reduction benefits. The resulting household income is in excess of \$20,050, the maximum amount allowed for a petitioner to qualify to receive the property tax reduction benefits. The petitioner's application for the property tax reduction benefits must be denied.

The State Tax Commission is aware there is some potential this decision could cause a hardship to the property tax reduction benefits applicant. The proper jurisdiction to handle such hardship situations falls with the county commissioners under Idaho Code § 63-711.

WHEREFORE, the decision of the State Tax Commission staff to deny property tax reduction benefits is APPROVED, AFFIRMED, and MADE FINAL.

An explanation of the petitioner's right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2001.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this _____ day of _____, 2001, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

ADMINISTRATIVE ASSISTANT 1