

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 15935
[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 decision based on the documents in the file. The State Tax Commission has reviewed the file and makes its decision based on the file.

[Redacted] (petitioner) filed a property tax reduction benefit application on or about January 25, 2001. In that application, the petitioner showed herself and one other person as living in the house. Attached to the application was a copy of the petitioner's 2000 income tax return, an executed 2001 nonhousehold member verification form, and a medical expense statement. The income tax form showed the other household member as the petitioner's dependent, and the nonhousehold member form indicated the petitioner was providing care for the nonhousehold member. The medical expense form listed the medical expenses of both the petitioner and the nonhousehold member.

The staff sent a letter to the petitioner advising her of the intent to reduce her property tax reduction benefit amount by not allowing the nonhousehold member's medical expenses to be deducted from household income. The petitioner responded by sending a letter appealing that determination.

The petitioner's appeal file was transferred to the Legal/Tax Policy Division for administrative review. Information gathered during that review confirmed that the petitioner's

daughter, the nonhousehold member, was considered disabled and in that capacity had received disability benefits during the year 2000.

The property tax reduction program is defined in Idaho Code § 63-701. A series of definitions sets the parameters for qualifying applicants and determining the benefit amount.

Idaho Code § 63-701 in pertinent part states:

(3) "Household" means the claimant and any person or persons who live in the same dwelling, and share its furnishings, facilities, accommodations or expenses. The term includes any person owing a duty of support to the applicant pursuant to section 32-1002, Idaho Code, **unless the person qualifies as a "nonhousehold member" pursuant to subsection (6) of this section.** The term does not include bona fide lessees, tenants, or roomers and boarders on contract. "Household" includes persons described in subsection (9)(b) of this section.

(4) **"Household income" means all income received by all persons of a household** in a calendar year while members of the household.

(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. "Income" does not include lump sum death benefits made by the social security administration pursuant to 42 U.S.C. section 402(i). Documentation of medical expenses may be required

by the county assessor, board of equalization and state tax commission. "Income" shall be that received in the calendar year immediately preceding the year in which a claim is filed. Where a claimant does not file a federal tax return the claimant's federal adjusted gross income, for purposes of this section, shall be an income equivalent to federal adjusted gross income had the claimant filed a federal tax return.

(6) **"Nonhousehold member" means** any nonspouse who lives in the claimant's dwelling for the purpose of providing protective oversight, caregiving, or personal assistance services to the claimant, **or who is receiving disability benefits pursuant to subsection (1)(d) or (e) of this section,** or who is over age sixty-five (65) and **lives in the claimant's dwelling and receives protective oversight, caregiving or personal assistance services provided by the claimant.** (Emphasis added.)

The income listed in the petitioner's application did not include her daughter's income. Had she included that income and then deducted the medical expenses, the petitioner's property tax reduction benefits would have been even less than the amount the staff determined to be accurate.

Idaho Code § 63-701 provides that household medical expenses may not be included in household income. In addition, the Code allows a claimant to provide care to another person without including that person's income in the total household income. Because a nonhousehold member's income is not included in the household income, the medical expenses incurred by that nonhousehold member cannot be subtracted from the household income. The nonhousehold member's income had never been included, so it there is no amount to deduct it from.

The petitioner's property tax reduction benefits for 2001 must be reduced from an amount not to exceed \$600 to an amount not to exceed \$300.

The Tax Commission is aware there is some potential this decision could cause a hardship to the property tax reduction applicant in certain circumstances. The proper jurisdiction to handle such hardship situations falls with the county commissioners.

WHEREFORE, the decision of the State Tax Commission staff is hereby 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