

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17589
[Redacted],)	
)	DECISION
Petitioner.)	
_____)	

This case arises from a timely protest of a State Tax Commission staff's (staff) decision adjusting property tax reduction benefits for 2003. 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 contents of that file.

All property within the jurisdiction of this state is subject to property taxes. A property tax reduction benefits program is available to certain qualifying individuals throughout the state. The benefit is in the form of a payment (either total or partial) of the applicant's property taxes on the dwelling he/she owns and occupies. The payment is funded by state sales tax funds.

[Redacted] (petitioner) filed an application for property tax reduction benefits on or about April 14, 2003. The staff's review of that application and the attached copy of the petitioner's federal income tax return identified income that had not been reported in the application she had submitted to [Redacted] County. A notice was sent to the petitioner to advise her of the intent to deny her benefits. The petitioner appealed that determination.

Income for property tax reduction benefits purposes is defined in Idaho Code § 63-701(5) as follows:

- (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:**
 - (a) Alimony;

- (b) Support money;
- (c) Nontaxable strike benefits;
- (d) The nontaxable amount of any individual retirement account, pension or annuity, (including railroad retirement benefits, all payments received under the federal social security act except the social security death benefit as specified in this subsection, state unemployment insurance laws, and veterans disability pensions and compensation, excluding rollovers as provided in section 402 or 403 of the Internal Revenue Code);
- (e) **Nontaxable interest** received from the federal government or any of its instrumentalities or a state government or any of its instrumentalities;
- (f) Worker's compensation; and
- (g) 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, the cost of medical care as defined in section 213(d) of the Internal Revenue Code, incurred or paid by the claimant and/or, if applicable, the claimant's spouse, may be deducted from income. To the extent not reimbursed, personal funeral expenses, including prepaid funeral expenses and premiums on funeral insurance, of the claimant and claimant's spouse only, may be deducted from income up to an annual maximum of five thousand dollars (\$5,000) per claim. (Emphasis added.)

For property tax reduction benefits purposes, the calculation of income starts with federal adjusted gross income and, thereafter, makes certain additions and deductions. In her application for benefits, the petitioner correctly listed her total 2002 federal adjusted gross income, her pension income, her Veterans' Administration disability compensation, and her medical expense as an exclusion. However, she did not list the \$8,340 of nontaxable interest she received during 2002 as required by Idaho Code § 63-701(5).

When the nontaxable interest is added to the petitioner's other income, her total income to be considered for this particular benefit is \$28,629. The amount of property tax reduction depends on income--the greater the income, the smaller the benefit. The maximum income for a claimant to receive the minimum benefit is \$21,290. The petitioner must be denied property tax reduction

benefits for 2003.

The State 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 pursuant to Idaho Code § 63-711.

WHEREFORE, the Intent to Change Benefits letter dated September 9, 2003, is hereby APPROVED, AFFIRMED, and MADE FINAL.

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

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this _____ day of _____, 2003, 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]
