

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 18290
[Redacted],)	
)	DECISION
Petitioner.)	
_____)	

This case arises from a timely protest of a State Tax Commission staff decision adjusting the property tax reduction benefit for 2004. 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 thereon.

All property within the jurisdiction of this state is subject to property taxes. A property tax reduction benefit 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 tax on the dwelling he/she owns and occupies. The payment is funded by state sales tax.

[Redacted] (petitioner) filed an application with [Redacted] County for the property tax reduction benefit on or about April 13, 2004. Pursuant to Idaho Code § 63-707(5), the staff audited that application. In conjunction with the audit, the petitioner was asked to furnish receipts for the \$9,146 of medical expenses she had claimed. The petitioner did not respond, and an Intent to Deny Property Tax Reduction Benefit letter was sent.

In response to the letter, the petitioner sent a medical expense statement listing \$8,638.20 of expenses but no receipts. A note on the front of the form indicated additional information was shown on the back of the form; however, there was nothing written on the back. A note at the bottom of the form said: "This is all I have! We cleaned out the shed they were in. Hope this is

good. I was on vacation those 2 weeks. I got the letter.” The petitioners’ file was transferred to the Legal/Tax Policy Division for administrative review.

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. "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 if 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 in such form as the county assessor, board of equalization or state tax commission shall determine. "Income" shall be that received in the calendar year immediately preceding the year in which a claim is filed. (Emphasis added.)

For property tax reduction benefit purposes, medical expenses defined in the Internal Revenue Code can be deducted from income. The petitioner submitted a copy of her 2003 federal Schedule A to confirm she had claimed \$9,146 of deductible medical expenses in her federal income tax return. However, when the staff asked for receipts to support the deduction, she sent a list of expenses totaling \$8,638.20 instead.

After the petitioner's file was transferred to the Legal/Tax Policy Division, she was sent a letter to advise her of her appeal rights and another letter to once again ask for receipts. She did not acknowledge either letter. Efforts to contact her by telephone were unsuccessful. The telephone number shown in the application is no longer in service.

Even if the \$8,638.20 was accepted as accurate without receipts and was deducted from the petitioner's reported income, her \$21,894.80 of total net income for property tax reduction benefit purposes would exceed the \$21,580 maximum allowed for a petitioner to qualify for the minimum benefit. The petitioner did not submit receipts and has not established her eligibility for the 2004 property tax reduction benefit. She must be denied the benefit.

The State Tax Commission is aware there is some potential this decision could cause a hardship to the property tax reduction applicant. The proper jurisdiction to handle such hardship situations falls with the [Redacted] County Commissioners pursuant to Idaho Code § 63-711.

WHEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated August 31, 2004, 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 _____, 2004.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this ____ day of _____, 2004, 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]

Receipt No.

[Redacted]

[Redacted]
