

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 18306
[Redacted],	)	
	)	DECISION
Petitioners.	)	
_____	)	

This case arises from a timely protest of a State Tax Commission staff's (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 based on the contents of that file.

All property within the jurisdiction of this state is subject to property tax. A property tax reduction benefit is available to certain qualifying individuals. 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 funds. The amount of property tax reduction depends on income--the greater the income, the smaller the benefit.

[Redacted] (petitioners) filed an application for property tax reduction benefit on or about February 23, 2004. The application submitted to [Redacted] County listed social security and \$1,825 of other income. Medical expenses were deducted.

The staff reviewed the application for accuracy pursuant to Idaho Code § 63-707(5). Because Idaho Department of Labor records showed more income than the amount listed in the application, the staff sent the petitioners a notice advising them of the intent to change the amount of their benefit. The petitioners protested the intended action, and their 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(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. 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. Where a claimant and/or the claimant's spouse does not file a federal tax return, the claimant's and/or the claimant's spouse's federal adjusted gross income, for purposes of this section, shall be an income equivalent to federal adjusted gross income had the claimant and/or the claimant's spouse filed a federal tax return, as determined by the county assessor.** The county assessor, board of equalization or state tax commission may require documentation of income in such form as each shall determine, including, but not limited to: copies of federal or state tax returns and any attachments thereto; and income reporting forms such as the W-2 and 1099. (Emphasis added.)

For property tax reduction benefit purposes, the calculation of income starts with federal adjusted gross income and, thereafter, makes certain additions and deductions. The Tax Commission compared the figures shown in the petitioners' application with the amounts listed in their records at the Social Security Administration as well as the Idaho Department of Labor. The Idaho Department of Labor records identify wages earned in 2003 by [Redacted]; only [Redacted]'s wages had been listed in the application.

In the letter of protest, Mrs. [Redacted] explained the income reported in the application was the result of her job at the church. She said Mr. [Redacted] is very ill and unable to work, although he did work some in 2003. She said her health is such that she is not going to be able to work much longer, and they have many medical bills to pay.

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 [Redacted] County Commissioners pursuant to Idaho Code § 63-711.

The staff correctly added \$4,805 to the petitioners' 2003 income for property tax reduction benefit purposes. As a result, the petitioners qualify to receive a benefit of \$420 for 2004.

WHEREFORE, the Intent to Change Benefits letter dated September 13, 2004, is hereby APPROVED, AFFIRMED, and MADE FINAL.

An explanation of the petitioners' 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]  
[Redacted]  
[Redacted]

Receipt No.

\_\_\_\_\_