

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

In the Matter of the Protest of )  
 )  
[Redacted], ) DOCKET NO. 21465  
 )  
 ) DECISION  
 )  
Petitioner. )  
 )  
\_\_\_\_\_ )

This case arises from a timely protest of a State Tax Commission staff decision denying the property tax reduction benefit for 2008. 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.

All property within the jurisdiction of this state is subject to property tax. A property tax reduction benefit is available to certain qualifying individuals throughout the state. The benefit is in the form of payment of a portion or all of an 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 [Redacted] for the property tax reduction benefit on March 27, 2008.

Pursuant to Idaho Code § 63-707(5), the staff reviewed the petitioner's application and sent him a letter requesting additional information be provided to verify the \$18,793 of medical expenses claimed. The petitioner was asked to complete a Medical Expense Form listing the amounts paid out-of-pocket for medical expenses in 2007 and to include any supporting documentation. The petitioner returned the form along with additional documentation concerning the claimed medical expenses. The staff reviewed the information and sent the petitioner a letter advising him of the intent to deny him the benefit because only \$10,307 of the \$18,793 of medical expenses claimed in his application had been supported by receipts. The

petitioner responded with a letter of protest. Their file was transferred to the Legal/Tax Policy Division for administrative review.

Income for the purpose of the property tax reduction benefit 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 any return of principal paid by the recipient of an annuity and 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 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, if married, 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 dependency and indemnity compensation or death benefits paid to a person described in subsection (1) of this section by the United States department of veterans affairs and arising from a service-connected death or disability. "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 W2 and 1099. (Emphasis added.)

After receiving a letter outlining his protest rights, the petitioner supplied additional documentation of medical expenses that were incurred and paid in 2007. The petitioner also asked if the computation of income for the purposes of property tax reduction be recalculated to see if in fact he did qualify.

The additional documentation was reviewed, and an adjustment was made to the amount of medical expenses allowed for the purposes of property tax reduction.

The petitioner's 2007 income consisted of [Redacted] adjusted gross income of \$19,308 plus social security income of \$12,356 and \$8,616 for the petitioner's spouse. When the pension/retirement income of \$487 is added and out-of-pocket medical expenses of \$16,531 are subtracted, the petitioner's total 2007 net income for property tax reduction benefit purposes is \$24,236. This qualifies the petitioner for a property tax benefit not to exceed **\$390**.

WHEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated September 30, 2008, is hereby MODIFIED and as modified, APPROVED, AFFIRMED, and MADE FINAL.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_, 2008, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.