

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

In the Matter of the Protest of )  
[Redacted] ) DOCKET NO. 22290  
 )  
 ) DECISION  
Petitioner. )  
\_\_\_\_\_ )

This case arises from a timely protest of a State Tax Commission (Commission) staff decision adjusting the property tax reduction benefit for 2009. This matter was submitted for decision based on the documents in the file. The Commission has reviewed the file and makes its decision thereon.

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 of the applicant’s property tax on the dwelling he/she owns and occupies. The payment is funded by state sales tax. The amount of property tax reduction depends on income--the greater the income, the smaller the benefit.

[Redacted] (petitioner) submitted an application for a property tax reduction benefit on April 9, 2009. The staff of the [Redacted] sent that application, together with the other applications, to the Commission for review and processing.

Pursuant to Idaho Code § 63-707(5), the staff reviewed the petitioner’s application and compared it with Commission records. In the petitioner’s application, she listed federal adjusted gross income of -\$1,898 and social security income of \$9,881 which was reduced by \$2,453 of medical expenses. When that information was compared with the petitioner’s 2008 federal income tax return, \$21,365 of nontaxable compensation was identified.

Because the 2009 property tax reduction benefit depends on 2008 income, the staff sent the petitioner a letter advising her of the intent to change the amount of her benefit from an amount not to exceed \$1,320 to an amount not to exceed \$220. The petitioner appealed, and the file was transferred to the Legal/Tax Policy Division for administrative review.

The petitioner's protest letter made no mention of the additional income included on her application but rather discussed how her federal adjusted gross income should be lower if all her expenses related to her rental property were accounted for. However, the petitioner stated she could not afford to pay someone to prepare the long tax forms that would account for rental expenses, so she filed the short tax form because preparation assistance was free of charge.

The petitioner was sent a letter outlining her alternatives for redetermining a protested Intent to Change Property Tax Reduction Benefit. The petitioner responded by sending copies of property tax bills and credit card statements, but she did not request a hearing, nor has she filed an amended 2008 income tax return.

Income for property tax reduction benefit purposes is defined in Idaho Code § 63-701 as income received in the calendar year immediately preceding the year in which a claim is filed. The calculation of income starts with federal adjusted gross income and, thereafter, makes certain additions and deductions.

Idaho Code § 63-701(5) describes income as:

(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.)

The 2008 federal income tax return filed by the petitioner shows a federal adjusted gross income of -\$1,898. When social security income of \$9,881 is added along with the \$21,365 of nontaxable compensation, and medical expenses of \$2,453 are subtracted, the petitioner's net income for the purpose of the property tax reduction benefit is \$26,895. The petitioner qualifies to receive a benefit not to exceed **\$220**.

WHEREFORE, the Intent to Change Property Tax Reduction Benefit letter dated October 8, 2009, is hereby APPROVED, AFFIRMED, and MADE FINAL.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2009, 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.

\_\_\_\_\_