

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

In the Matter of the Protest of )  
[Redacted], ) DOCKET NO. 23391  
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 )  
Petitioner. ) DECISION  
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\_\_\_\_\_ )

This case arises from a timely protest of a State Tax Commission (Commission) decision adjusting the property tax reduction benefit for taxable year 2010. This matter was submitted for a decision based on the documents in the file. The 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. The benefit is in the form of payment of all or a portion 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] filed an application for a property tax reduction benefit on April 14, 2010. The [Redacted] County Assessor’s office sent that application together with other applications to the Commission for review and processing.

The staff reviewed the petitioner’s application and compared the 2009 income reported in her application with records available to the Commission. Gross proceeds from the sale of real estate in the amount of \$50,000 were identified along with interest income in the total amount of \$149. Because the additional income increased the petitioner’s income beyond the maximum amount allowed for an applicant to receive a minimum benefit, the staff sent the petitioner a notice advising her of the intent to deny her the benefit.

The petitioner appealed the intended action. The petitioner stated she needed more time in which to schedule a meeting with an accountant and establish a cost basis in the property she sold. The petitioner's 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):

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.

The petitioner's application shows social security income of \$13,080. Records available to the Commission show a Form 1099S in the petitioner's name totaling \$50,000, a Form 1099 INT from [Redacted] in the amount of \$50, and a Form 1099 INT from [Redacted] in the amount of \$99. The real estate sale was not addressed on the petitioner's federal income tax return, and the Commission has no information regarding the petitioner's basis in the piece of property. Therefore, the entire sales price is reportable income to the petitioner. When the gross sales price of the property, along with the interest income, is added to the petitioner's social security income of \$13,080 and medical expenses of \$2,794 are subtracted, the petitioner's 2009 income for the purpose of the property tax reduction benefit exceeds the \$28,000 maximum income allowed for a minimum 2010 property tax reduction benefit. The petitioner must be denied the benefit.

WHEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated September 20, 2010, is APPROVED, AFFIRMED, and MADE FINAL.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2010, 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.

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