

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 23408
[Redacted],	)	
	)	
Petitioner.	)	DECISION
_____	)	

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 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 funds.

[Redacted] (petitioner) filed an application with [Redacted] County for the property tax reduction benefit on February 25, 2010. The [Redacted] County Assessor’s office sent that application, together with other information, to the Commission for review and processing. Pursuant to Idaho Code § 63-707(5), the staff audited that application.

In conjunction with the audit, the petitioner was asked to complete a medical expense form and furnish receipts for the \$14,199 of medical expenses he claimed in his application. The petitioner did not respond. The staff then sent the petitioner a letter advising him that his income total for the purpose of the property tax reduction benefit was going to be adjusted to reflect only the substantiated medical expenses. The petitioner protested the intended action that would

result in a denial of a property tax reduction benefit. 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) 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.]

In the present case, the petitioner has claimed medical expenses but has failed to provide adequate documentation to substantiate the expenses. The Commission has reviewed what documentation the petitioner provided and determined \$2,314 of medical expenses claimed qualifies for exclusion from income. When this amount is subtracted from the petitioner's federal adjusted gross income of \$15,596, social security income of \$9,629 for the petitioner and \$9,310 for his spouse, the petitioner's 2009 taxable income for the purpose of the property tax reduction benefit is \$32,221.

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 Benefits letter dated September 27, 2010, is hereby APPROVED, AFFIRMED and MADE FINAL.

An explanation of the petitioner'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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