

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

In the Matter of the Protest of )  
[Redacted], ) DOCKET NO. 24468  
Petitioner. )  
DECISION  
\_\_\_\_\_ )

This case arises from a timely protest of a State Tax Commission (Commission) decision to deny a property tax reduction benefit for taxable year 2011. 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 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 the state sales tax.

[Redacted] (petitioner) filed an application with [Redacted] County for the taxable year 2011 property tax reduction benefit on March 1, 2011.

Pursuant to Idaho Code § 63-707(5), the staff reviewed the petitioner’s application and sent him a letter advising him that his total income for the purpose of the property tax reduction benefit was being increased to include distributions from pensions/annuities/IRA’s and to include only allowable medical expenses. The petitioner responded with a letter appealing the determination that would result in a denial of a benefit. His 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.]

The petitioner's medical expense statement submitted with his application showed medical expenses totaling \$10,918. However, included in this total are nutritional supplements, vitamins, and/or herbal supplements, all of which are not allowable under Internal Revenue Code § 213(d). When these expenses are deducted from the total amount claimed, the petitioner's allowable medical expenses are \$7,763.

The other adjustment made to income was the inclusion of an additional \$516 from the [Redacted] Board. This adjustment was reviewed, and the Commission determined the \$516 had been included in the petitioner's income; therefore, no adjustment was necessary.

The petitioner's 2010 income shown on his application consisted of federal adjusted gross income of \$7,354 and social security income of \$21,396 and \$8,256 respectively, for the petitioner and his spouse. When qualified out-of-pocket medical expenses of \$7,763 are subtracted, the petitioner's total 2010 net household income for the purpose of the property tax reduction benefit is \$29,250.

The petitioner's 2010 income for the purpose of the property tax reduction benefit exceeds the \$28,000 maximum income allowed for a minimum 2011 property tax reduction benefit. The petitioner must be denied the benefit.

THEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated August 22, 2011, is hereby AFFIRMED.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2011, 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.