

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 26036
)
)
Petitioner.) DECISION
)
_____)

This case arises from a timely protest of a State Tax Commission staff decision denying the property tax reduction benefit for taxable year 2013. 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.

[Redacted](petitioner) filed a property tax reduction benefit application [Redacted] on April 12, 2013. The assessor’s office forwarded the application to the Tax Commission for review and processing. During review of the application, the staff noted that the application had incomplete income information. The staff sent a request to the [Redacted] for verification of the disability amount paid in 2012 and the disability percentage. A response was received from the [Redacted] stating that the petitioner received 2012 benefits in the amount of \$3,012 and his disability is 20 percent service connected. The staff sent the petitioner a letter advising him that the income total for the purpose of the property tax reduction benefit was going to be increased to include his [Redacted] adjusted gross income reported on his [Redacted] income tax return and the veteran’s benefits not previously reported on his application. The petitioner protested the intended action and the file was transferred to the Legal/Tax Policy Division for administrative review. The tax policy specialist sent the petitioner a letter advising him of his appeal rights. The petitioner did not request a hearing, nor did he provide any additional information.

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.

The amount of property tax reduction depends on income—the greater the income, the smaller the benefit. However, income is defined differently for the property tax reduction benefit program than it is described in the income tax code. Income for the purpose of the property tax reduction benefit 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. (Emphasis added.)

In the present matter, the petitioner's 2012 income consisted of [Redacted] adjusted gross income of \$25,045 and Veteran's benefits of \$3,012, for a total of \$28,057.

The petitioner's total 2012 net income for property tax reduction benefit exceeds the \$28,000 maximum income allowed for a minimum 2013 property tax reduction benefit. The petitioner must be denied the 2013 property tax reduction benefit.

THEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated October 8, 2013, is hereby APPROVED, and MADE FINAL.

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

DATED this _____ day of _____ 2014.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2014, 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.
