

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

In the Matter of the Protest of )  
 )  
[Redacted], ) DOCKET NO. 39046  
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 )  
Petitioner. ) DECISION  
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\_\_\_\_\_ )

This case arises from a timely protest of a State Tax Commission staff’s decision adjusting property tax reduction benefits for 2014. 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 based on the contents of the file.

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] (claimant) filed an application for a property tax reduction benefit with [Redacted] County on April 11, 2014. The income section of the application reported only social security income for the claimant. During review of the application and records available to the State Tax Commission, the staff discovered that the claimant had filed a [Redacted] income tax return with an adjusted gross income of \$13,898.

The staff sent the claimant a letter advising her that her income total for the purpose of the property tax reduction benefit was going to be increased to include the adjusted gross income reported on her [Redacted] income tax return for taxable year 2013.

The claimant protested the intended action that would result in a reduction of a property tax reduction benefit and her 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. (Emphasis added.)

In the present case, the claimant filed a [Redacted] income tax return that showed an adjusted gross income of \$13,898. The claimant's protest letter requests a review of this amount, as it includes interest and dividends that the claimant states she did not receive in 2013, even though form 1099's were issued to her. According to the claimant, the interest and dividends are part of the [Redacted], which has yet to be settled. The claimant was advised by her tax preparer to include the income on her return for 2013, and show a loss of these amounts when she files her 2014 return. The amount of interest and dividends included in [Redacted] adjusted gross totals \$1,827.

The starting point for the calculation of income for the purpose of the circuit breaker benefit is [Redacted] adjusted gross income or, if no [Redacted] return was filed, the equivalent thereof. The claimant filed a [Redacted] return for taxable year 2013, reporting a [Redacted] adjusted gross income of \$13,898. When this amount is added to \$21,695 of social security and medical expenses of \$6,903 are subtracted, the resulting net income for property tax reduction benefit purposes is \$28,449. The claimant qualifies to receive a property tax reduction benefit of an amount not to exceed **\$150**.

THEREFORE, the Intent to Change Benefits letter, dated August 20, 2014, is hereby APPROVED and MADE FINAL.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

IDAHO STATE TAX COMMISSION

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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.