

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 1-372-057-600
<b>[Redacted]</b> ,	)	
	)	
Petitioner.	)	DECISION
<hr style="width: 40%; margin-left: 0;"/>	)	

This case arises from your timely protest of a State Tax Commission (Commission) intent to deny you a property tax reduction benefit for 2017. The Commission reviewed the information in the file and this is our final decision. The Commission upholds the Intent to Deny Property Tax Reduction Benefit letter. This means you will not receive a benefit for 2017.

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 a payment of all or a portion of the applicant’s property tax on the dwelling he/she owns and occupies. State sales tax funds these payments. The amount of the property tax reduction depends on income—the greater the income, the smaller the benefit.

**[Redacted]** (Petitioner) submitted an application for a property tax reduction benefit on February 14, 2017. The staff of **[Redacted]** assessor’s office sent that application together with the other applications to the Commission for review and processing.

Pursuant to Idaho Code § 63-707(5) the staff reviewed Petitioner’s application and compared it with Commission records. In Petitioner’s application, she listed federal adjusted gross income of \$3,801, social security income of \$18,192, \$673 of medical expenses and \$882 of funeral expenses. When that information was compared with Petitioner’s 2016 federal income tax return, \$19,434 of nontaxable compensation was identified.

Because the 2017 property tax reduction benefit depends on 2016 income, the staff sent Petitioner a letter advising her of the intent to deny her the benefit. The additional income increased Petitioner's 2016 income for the purpose of this benefit beyond the \$29,640 maximum allowed for a minimum benefit. Petitioner appealed, and the file was transferred to the Appeals Division for administrative review.

Income for property tax reduction benefit purposes is defined in Idaho Code § 63-701 as income received in the calendar year immediately preceding the year in which a claim is filed. The calculation of income starts with federal adjusted gross income and, thereafter, makes certain additions and deductions.

During 2016, Petitioner received money from the federal government that was not taxable under Internal Revenue Code (I.R.C.) § 131. Section 131 describes the nontaxable income as compensation for providing difficulty of care or the additional care of a qualified foster individual.

Pursuant to I.R.C. § 131, the money paid to Petitioner is: "compensation for providing the additional care of a qualified foster individual which is required by reason of physical, mental or emotional handicap of such individual with respect to which the state has determined that there is a need for additional compensation." The compensation provided to Petitioner by the Idaho Department of Health and Welfare is partially funded by the Federal Social Security Act.

Idaho Code § 63-701(5) in relevant part, describes income as:

- (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.

(Emphasis added)

Because the compensation Petitioner receives for the care of her disabled son is provided for and funded by the Federal Social Security Act, the income must be included in Petitioner's total 2016 income. The result is that Petitioner's total 2016 income for the purpose of this benefit program exceeds the maximum amount allowed. Petitioner must be denied the 2017 property tax reduction benefit.

THEREFORE, the Intent to Deny Benefits letter dated August 15, 2017, is hereby APPROVED and MADE FINAL.

An explanation of Petitioner's right to appeal this decision is enclosed with this decision.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2017, 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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