

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)

■■■■)

Petitioner.)

DOCKET NO. 0-362-865-664)

DECISION)

■■■■ (Petitioner) protested the Intent to Deny Property Tax Reduction (PTR) Benefit letter dated July 24, 2024. The Idaho State Tax Commission (Tax Commission) reviewed the matter and issues its decision upholding the Intent to Deny PTR Benefit letter.

BACKGROUND

On March 6, 2024, Petitioner filed a 2024 application for a property tax reduction benefit with the Ada County Assessor’s office. The assessor’s office sent the application to the Property Tax Division (staff) of the Tax Commission for review and processing. During review of Petitioner’s application and the income information available to the Tax Commission, staff noted Petitioner omitted income from her application.

The staff sent Petitioner an Intent to Deny Benefit letter informing her of their intent to deny her benefit for 2024. Petitioner protested the intended action, stating she is on a fixed income and the annuity distribution was a one-time event. Petitioner also requested the Tax Commission reconsider its decision, stating, social security is her only source of income and that is not enough to live on.

Property Tax acknowledged Petitioner’s protest and transferred her file to the Tax Commission’s Appeals (Appeals) unit for administrative review. Appeals sent Petitioner a letter on September 4, 2024, outlining her options for redetermination of the Intent to Deny Benefit letter. Petitioner did not respond.

LAW AND ANALYSIS

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 an applicant's property tax on the dwelling he/she owns and occupies. The state sales tax funds these payments. The amount of property tax reduction depends on income, the greater the income, the smaller the benefit.

Income for the property tax reduction benefit is defined in Idaho Code section 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 26 U.S.C. 402 or 403, and excluding the nontaxable portion of a Roth individual retirement account distribution, as provided in 26 U.S.C. 408A;
 - (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) of this section 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. 402(i). Documentation of medical expenses may be required by the county assessor and state tax commission in such form as the county assessor 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 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 W-2 and 1099.

The calculation of income for the property tax reduction benefit begins with federal adjusted gross income. If the claimant is not required to file a federal income tax return, the starting point for the income calculation is the equivalent of the federal adjusted gross income, had the claimant filed a federal return. In this case Petitioner did file a 2023 federal return, reporting a federal adjusted gross income of \$23,887, which includes:

Ordinary Dividends	\$ 509
Pensions and Annuities	\$ 19,676
Social Security	\$ 2,583 (Taxable Portion)
Capital Gains or (loss)	\$ 267
Additional income from Schedule 1	<u>\$ 852</u>
Total	\$ 23,887

Petitioner received \$17,724 in total social security benefits; of which \$2,583 was taxable and included in federal adjusted gross income. However, the calculation of income for the purpose of property tax reduction benefit includes the nontaxable portion of social security income, \$15,141 in Petitioners case. When \$15,141 is added to the adjusted gross income the result is a household income of \$39,028, which exceeds \$37,000, the maximum allowed to receive a benefit.

CONCLUSION

Petitioner filed an application for a 2024 property tax reduction benefit but did not include

all income as required by statute. When Petitioner's application is adjusted to include the omitted income, her net household income is \$39,028, which exceeds the maximum threshold allowed.

THEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated July 24, 2024, is hereby APPROVED and MADE FINAL.

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

DATED this _____ day of _____ 2024.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2024,
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:



Receipt No.
