

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

██████████

Petitioner.

DOCKET NO. 0-899-847-168

DECISION

██████████ (Petitioner) protested the Notice of Deficiency Determination (Notice) dated April 3, 2025, issued by the Property Tax Division (Division) of the Idaho State Tax Commission (Tax Commission). Petitioner objected to the Notice which requested repayment of a 2024 Idaho Property Tax Reduction Benefit. The Tax Commission reviewed the matter and hereby upholds the Notice for the reasons stated below.

BACKGROUND

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. The amount of the property tax reduction depends on income--the greater the income, the smaller the benefit.

Petitioner filed an application for property tax reduction (PTR) benefits with the Ada County Assessor's office for benefit year 2024. Ada County sent the application to the Division for processing. The Division approved Petitioner's 2024 application, and she received a benefit for payment of a portion of the property taxes on her homestead.

Idaho Code sections 63-707 and 63-708 provide for an audit of all claims and recovery of benefits paid in error. During an audit of Petitioner's application, the Division discovered Petitioner received income that she did not include in the application. The omitted income was

pension/retirement income in the amount of \$20,458. The Division added the omitted income to that shown on Petitioner's application, which increased Petitioner's net household income above the maximum amount to receive a benefit. Therefore, a Notice was issued requesting Petitioner repay the benefit she received.

Petitioner protested the Notice claiming:

- Tax Commission used a private site to conduct an audit
- An audit was conducted on the application without prior notice
- Constitutional/bill of rights were violated
- Tax Commission is non-compliant with civil rights by not providing information in Spanish
- Staff at the assessor's office are not reviewing application prior to accepting them

After receiving Petitioner's protest, the Division referred the matter to the Tax Commission's Appeals Unit (Appeals) for administrative review. Appeals sent Petitioner a letter informing her of the options available for redetermining a protested Notice. Petitioner responded and met with Appeals to discuss the audit, Idaho Codes, and the income she received for tax year 2023. Petitioner did not request an informal hearing but did inquire about alternative methods for resolving the matter.

LAW AND ANALYSIS

Income, for purposes of the PTR benefit, is defined in Idaho Code section 63-701(5) as the sum of federal adjusted gross income (AGI), as defined in the Internal Revenue Code and Idaho Code section 63-3004, and to the extent not already included in federal AGI:

- (a) Alimony,
- (b) Support money,
- (c) Nontaxable strike benefits,
- (d) The nontaxable amount of:
 - individual retirement accounts,
 - pensions and annuities,
 - social security (other than the death benefit),
 - state unemployment insurance,
 - veterans' disability pensions and compensation,

- (e) Tax exempt interest on government securities,
- (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. (emphasis added)

The calculation of income for the property tax reduction benefit begins with federal adjusted gross income. If the claimant does not file a federal income tax return, the starting point for the income calculation is the equivalent of the federal adjusted gross income (AGI), had the claimant filed a federal return.

In the present matter, Petitioner did not file a federal income tax return. Therefore, the starting point for the calculation of income would be the equivalent of her 2023 federal AGI. Petitioner's application reported social security income in the amount of \$17,352. When the

pension/annuity income of \$20,458 is added and \$290 of medical expenses are subtracted, Petitioner's net household income for the purposes of the property tax reduction benefit is \$37,520. For 2024, the maximum income amount to receive a benefit is \$37,000.

Regarding Petitioner's arguments about the use of a private site, constitutional/bill of rights violation, non-compliant with civil rights, etc. the Tax Commission has reviewed them and finds them to be without merit.

CONCLUSION

In 2023, Petitioner received pension/retirement, reported to her on Form 1099-R. Pension/retirement are considered income and must be included in the calculation of household income for the purpose of the property tax reduction benefit. When pension/annuity is included, Petitioner's net household income exceeds the \$37,000 maximum income amount to receive a benefit. She must be denied a benefit for 2024.

THEREFORE, the Notice dated April 3, 2025, and directed to [REDACTED] is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following benefit and interest.

<u>YEAR</u>	<u>BENEFIT</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$1,284.92	\$10.77	\$1,295.69

DEMAND for immediate payment of the foregoing amount is hereby made and given.

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

DATED this _____ day of _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2025,
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.

