

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-297-777-664
)	
Petitioner.)	DECISION
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(Petitioner) protested the Intent to Deny Property Tax Reduction Benefit letter dated July 11, 2022. The Tax Commission reviewed the file and issues its decision upholding the Intent to Deny Property Tax Reduction Benefit letter. This means Petitioner will not receive a benefit for 2022.

Petitioner filed a 2022 application for a property tax reduction benefit with the Clearwater County (County) Assessor’s office, reporting the following; social security income of \$12,817 and gambling winnings of \$30,000. The staff at the County Assessor’s office reviewed the application along with the additional documentation provided and made some adjustments before forwarding it to the Tax Commission for final approval. The County included in Petitioner’s application her federal adjusted gross income of \$42,817, social security income of \$27,570 and deducted medical expenses of \$7,099, resulting in a net household income of \$63,288. The application was then sent to the Tax Commission.

The Property Tax Division (staff) of the Tax Commission reviewed the application along with Petitioner’s federal income tax return and the income information available in Tax Commission records. Because Petitioner’s household income shown in the application exceeds the maximum allowable amount, the staff sent her an Intent to Deny Benefit letter informing her she would not receive a benefit for 2022.

Petitioner protested the intended action, stating the numbers shown in the staff's supplemental report that accompanied the Intent letter, are incorrect. Petitioner argues the staff double counted her taxable social security income. The staff then referred the matter to the Tax Commission's Appeals (Appeals) unit for administrative review. Appeals sent Petitioner a letter outlining her options for redetermination of the Intent to Deny Benefit letter. Petitioner did not respond and has provided nothing further for the Tax Commission's consideration.

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. (Emphasis added)

In the present matter, Petitioner argues the household income figure reported in her corrected application is wrong because it includes all her social security income, a portion of which she included in her federal adjusted gross income. Petitioner is correct. Household income for the purpose of the property tax reduction benefit is the sum of federal adjusted gross income and to the extent *not already included in federal adjusted gross income*, all social security payments. The County included in Petitioner's application \$27,570 in social security income when the correct adjustment was to include only the non-taxable portion of social security income, \$14,753. However, the error by the County makes no difference when it comes to meeting the income requirements for a 2022 property tax reduction benefit.

Petitioner's federal adjusted gross income is \$42,817. When the non-taxable portion of her

social security income, \$14,753 is added and medical expenses of \$7,099 are subtracted, Petitioner's net household income is \$50,471, well in excess of the 2022 maximum income amount of \$32,230. Petitioner is not eligible to receive a benefit.

THEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated July 11, 2022, is hereby APPROVED and MADE FINAL.

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

DATED this _____ day of _____ 2023.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2023,
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.
