

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

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| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 1-403-945-984 |
| |) | |
| Petitioner. |) | DECISION |
| <hr style="width: 50%; margin-left: 0;"/> |) | |

(Petitioner) protested the Intent to Deny Property Tax Reduction Benefit letter dated July 6, 2022. Petitioner disagreed that property values should be a consideration in determining the Property Tax Reduction (PTR) benefit. The Tax Commission reviewed the matter and issues its decision upholding the intent to deny the PTR benefit. Petitioner is not eligible for the benefit for 2022.

BACKGROUND

Petitioner submitted an application for the PTR benefit to the Lemhi County Assessor for the benefit year 2022. Assessor reviewed the application and found Petitioner does not qualify for the benefit because of the assessed value of her home. Assessor processed Petitioner’s application and sent her application to the Tax Commission to review for final determination of Petitioner’s benefit.

The Property Tax Division (Staff) of the Tax Commission reviewed Petitioner’s application and agreed with Assessor’s finding. The assessed value of Petitioner’s home is greater than the amount allowed by statute. Staff sent Petitioner an intent to deny letter stating that she would not receive a benefit for 2022.

Petitioner protested stating that she and her husband are on a fixed income, as are many elderly and disabled individuals. Petitioner stated she purchased her house five years ago and up until 2021 the assessed value increase only six percent. But in 2021 the assessed value increased

almost 63 percent and for 2022 the assessed value increased another 62 percent. Petitioner stated her house is nowhere near that value as it needs major repairs just to bring it up to code. Petitioner stated she did not know or understand that she could have contested the Assessor's value. Petitioner stated that even if she could sell her house there is nowhere for them to go with the housing shortage in her area. Petitioner stated what little extra money they have goes to fuel costs and medical needs. Petitioner stated property values should not be used in the determination of the PTR benefit.

Staff acknowledged Petitioner's protest and referred the matter to the Tax Commission's Appeals Unit (Appeals). Appeals sent Petitioner a letter giving her the options for redetermining the Intent to Deny notice. Petitioner requested a telephone hearing but later changed it to an in person informal hearing which was held on September 27, 2022.

During the hearing Petitioner discussed the value of her home going from \$150,000 to \$420,119. Petitioner stated she had always received the PTR in the past, it was not until the new law that they were denied the benefit. Petitioner stated their only income is from SSI and SSD. Petitioner stated she tried most of her life to get a house but never could. Petitioner stated she was able to get her house only because the woman that owned it got into some legal problems and needed to sell the house. Petitioner stated the previous owner was willing to carry the papers on the house to make her payments affordable. Petitioner stated she went to the bank to see if she could borrow money on the house, but the bank told her there were problems with the property boundaries that prohibited them from lending on the property. Petitioner stated she looked into the tax deferral program but found out that she needed the house to be insured to qualify for the program. Petitioner said she does not have insurance because when she looked into changing carriers, she dropped her old company for another, but they later bumped up the premium to where

it was unaffordable, so she went back to her old company, but they also raised the premium so that she cannot afford the insurance. Consequently, she cannot get any help through the tax deferral program.

Petitioner stated that her house is in need of many minor and major repairs. Petitioner stated that had she known or understood that she could have protested the assessed value of her home she would have done so. Petitioner stated with the number of repairs and problems with the house, there is no way her house could be sold for the assessed value. Furthermore, if she could and did sell her house, there is no place in Salmon for her to live because of the housing shortage.

Petitioner stated she can understand capping an individual's income to qualifying for the benefit but capping the value of the property that you have no control over because of the influx of people into the state does not make sense. Petitioner stated she wrote letters to her legislators and the governor's office but to no avail. Petitioner stated she feels like she is drowning, and she is looking for help but there is none to be found.

LAW AND ANALYSIS

All property within the borders of this state is subject to property tax. Idaho Code, Title 63, Chapter 7 provides for property tax relief on a homestead for certain qualifying owners of the homestead. Qualifying owners or claimants cannot have income above a certain amount. For tax year 2022, the maximum allowed income is \$32,230.

In addition to the income qualification, the Sixty-sixth Idaho legislature put a cap on the property's value. The property on which the property tax relief is being sought cannot have an assessed value over the greater of \$300,000 or 150 percent of the median value of properties in the county where the property is located. See Idaho Code section 63-705(b). Idaho Code section 63-

705(b) was amended and signed into law with this provision on March 25, 2022. The law was effective on the date of signing and retroactive to January 1, 2022.

Petitioner filed her application on February 4, 2022, prior to the amendment of Idaho Code section 63-705(b). Petitioner filed out her application in accordance with the law at the time. Under the provisions of the new law, county assessors were charged with determining the median value of all the properties in their respective counties with the homestead exemption, and then calculating a 150 percent of that value. In addition to not knowing the new law, Petitioner had no way to determine 150 percent of the median assessed value of the properties in Lemhi County. Without the knowledge of the new law, Petitioner completed her application under the existing law at the time. The existing law had no cap on a property's value.

Petitioner's property has an assessed value of \$420,119. The median assessed value of all properties with the homestead exemption for Lemhi County is \$278,136. The property value cap for the PTR benefit for Lemhi County is \$417,204 ($\$278,136 \times 150\%$). Petitioner's assessed value is over the property value cap. Therefore, under the new law, Petitioner does not qualify for the benefit.

CONCLUSION

Petitioner applied for the Property Tax Reduction Benefit with the Lemhi County. The law governing the benefit changed less than 30 days before the deadline for applying for the benefit. Assessor reviewed Petitioner's application and found her property's assessed value was over the cap established by the new law. The Tax Commission also reviewed Petitioner's application, as required by law, and agreed with Assessor's finding. Petitioner is not eligible for the benefit for 2022.

The Tax Commission is not unsympathetic with Petitioner's predicament and those like her. However, the Tax Commission must follow the law as written. If the law is socially or economically unsound or places undue burden on the taxpayer, the power to correct it is legislative, not administrative, or judicial. *Herndon v. West*, 87 Idaho 335, 393 P.2d 35, (1964).

THEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated July 6, 2022, directed to _____ is hereby AFFIRMED and MADE FINAL.

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

DATED this _____ day of _____ 2022.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2022,
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.
