

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-942-062-080
)	
Petitioner.)	DECISION
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(Petitioner) protested the Intent to Deny Property Tax Reduction Benefit letter dated July 25, 2022. Petitioner disagreed that her retirement should be included as income because she was forced to withdraw it to pay her property tax from the prior year. The Tax Commission reviewed the matter and issues its decision upholding the intent to deny the property tax reduction (PTR) benefit. Petitioner is not eligible for the benefit for 2022.

BACKGROUND

On March 24, 2022, the Ada County Assessor (Assessor) received Petitioner’s application for a PTR benefit for the benefit year 2022. Assessor reviewed the application and found Petitioner’s total net income was over the maximum allowed income. Assessor processed Petitioner’s application and sent it 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 that Petitioner’s total net income was over the maximum allowed income. Staff sent Petitioner an intent to deny letter stating that she would not receive a benefit for 2022.

Petitioner protested stating she was forced to draw from her retirement because of the increase on her property tax for the prior year. Petitioner stated her house payment increased by \$150/month. That along with the increase in the price of food and gas gave her no choice but to

draw from her retirement. Petitioner stated she is barely able to make ends meet and she had more than the usual medical bills this year. Petitioner asked for reconsideration since drawing from her retirement is not a normal part of her income. She withdrew it out of necessity.

Staff acknowledged Petitioner's protest and referred the matter to the Tax Commission's Appeals Unit (Appeals). Appeals sent Petitioner a letter explaining that each benefit year stands on its own and any abnormal increases to her income must be considered. Appeals explained that her income was more than the maximum amount to qualify and gave Petitioner the option of withdrawing her protest or continuing her protest by selecting one of the methods for redetermining the intent to deny letter. Petitioner did not respond. Seeing that Petitioner had the opportunity to further her position, the Tax Commission reviewed the information available and makes its decision as follows.

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.

Income, for purposes of the PTR benefit, is defined in Idaho Code section 63-701(5) as the sum of federal adjusted gross income, as defined in the Internal Revenue Code and Idaho Code section 63-3004, 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:
 - 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.

In other words, income starts with federal adjusted gross income and makes certain additions.

Petitioner filed her application including her federal adjusted gross income and her total social security benefit. Petitioner also deducted her out-of-pocket medical expenses. Petitioner calculated her total net income to be \$42,229.07. When Assessor and Staff reviewed Petitioner's application, they both determined Petitioner included the taxable portion of her social security twice and she did not include as a deduction her Medicare Part B insurance premiums. Assessor and Staff determined Petitioner's total net income to be \$37,563. However, the maximum allowed income for receiving the PTR benefit is \$32,320; Petitioner's total net income is over the maximum amount.

The determination of the PTR benefit starts with all the income earned by the claimant. Certain deductions are allowed, such as medical expenses and prepaid funeral expenses, to arrive at a total net income figure that is compared to the maximum allowed income prescribed by the law. If the claimant's income is greater than the maximum allowed income, no benefit is allowed. If the income is less than the maximum allowed income, a portion of the maximum benefit is awarded up to \$1,500. In this case, Petitioner's total net income is \$5,243 over the maximum allowed income. Therefore, Petitioner does not qualify for the benefit.

CONCLUSION

Petitioner applied for the Property Tax Reduction Benefit with Ada County. Assessor reviewed Petitioner's application and found that her income was over the maximum amount allowed to receive a benefit. The Tax Commission also reviewed Petitioner's application, as

required by law, and agreed with Assessor's finding regarding Petitioner's income. Petitioner is not eligible for the benefit.

THEREFORE, the Intent to Deny Property Tax Reduction Benefit letter dated July 25, 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.
