

REDACTED DECISION – DOCKET NUMBER 13-454 RPD MFE - By GEORGE V. PIPER, ADMINISTRATIVE LAW JUDGE – SUBMITTED for DECISION on DECEMBER 19, 2013 – DECISION ISSUED on JULY 7, 2014

SYNOPSIS

TAXATION

WEST VIRGINIA OFFICE OF TAX APPEALS HEARING PROCEDURES

In a hearing before the West Virginia Office of Tax Appeals on a petition for refund, the burden of proof is upon the Petitioner to show that he or she is entitled to the refund requested. *See* W. Va. Code Ann. §11-10A-10(e) (West 2010); W. Va. Code R §121-1-63.1 (2003).

TAXATION

PERSONAL INCOME TAX WEST VIRGINIA ADJUSTED GROSS INCOME OF RESIDENT INDIVIDUAL

The statutory law of the State of West Virginia explicitly excludes from state income tax those pensions and annuities paid to the retired West Virginia police officers, West Virginia firemen, West Virginia state police and West Virginia deputy sheriffs. *See* W. Va. Code Ann. § 11-21-12(c)(6) (West 2010).

TAXATION

MONONGALIA COUNTY CIRCUIT COURT CASE LAW

A person who proves that he or she worked as a federal law enforcement officer, and did not qualify to receive social security benefits while working in that job, may exclude all of his or her federal retirement income from that job for purposes of the West Virginia personal income tax. *See* *Dodson v. Palmer*, Civil Action No. 00-C-AP-10 (Monongalia County Cir. Ct. W. Va. 2000).

CODE OF FEDERAL REGULATIONS

FEDERAL LAW ENFORCEMENT OFFICER DEFINITION

The Federal Office of Personnel Management has defined a federal law enforcement officer to mean an employee whose job duties are primarily the investigation, apprehension, or detention of individuals suspected or convicted of offenses against the criminal laws of the United States, including an employee engaged in this activity who is transferred to a supervisory or administrative position. *See* 5 C.F.R. §831.902 (2011); *See* also 5 C.F.R. §§831.901 and 831.903 (2011).

WEST VIRGINIA OFFICE OF TAX APPEALS

CONCLUSION OF LAW

Petitioner has carried the burden of proof with respect to the issue of whether he is entitled to the same treatment as the taxpayer in the *Dodson* ruling, in that he has established his special retirement eligibility as a federal law enforcement officer whose retirement system, being

separate and apart from the social security retirement program, does not qualify Petitioner to receive social security benefits.

FINAL DECISION

On September 4, 2013, the Tax Account Administration Division of the West Virginia State Tax Commissioner's Office (hereafter Respondent), denied Petitioners Schedule M modifications on their 2009, 2010, 2011, and 2012 personal income tax returns. Thereafter, by hand delivery, on October 23, 2013, Petitioners timely filed with this Tribunal, the West Virginia Office of Tax Appeals, a petition for refund. *See* W. Va. Code Ann. §§11-10A-8(2) and 11-10A-9(a)-(b) (West 2010).

During the initial telephonic conference, the parties agreed that in lieu of an evidentiary hearing, the matter would be submitted for decision, based solely upon documents provided by the Petitioners.

FINDINGS OF FACT

1. Petitioner served as a criminal investigator with the Office of Criminal Enforcement of the United States Environmental Protection Agency for over twenty-one years, retiring effective July 2, 2003.

2. During his tenure, Petitioner performed duties commensurate within his job as a sworn federal law enforcement officer in that he was qualified to carry a firearm, executed bench warrants, and made arrests.

3. Petitioner, while employed by the Office of Criminal Enforcement of the United States Environmental Protection Agency, did not pay social security taxes, and therefore, cannot receive social security benefits pursuant to his federal employment.

4. On December 17, 2013, this Tribunal ordered the parties to submit, by January 6, 2014, the amount of the tax refund applicable for tax years 2009, 2010, 2011, and 2012. On

January 6, 2014, the parties, in separate letters, stated that, if eligible, Petitioners refund amount should be \$ _____.

DISCUSSION

The sole issue for determination is, whether the Petitioner, a retired criminal investigator with the Office of Criminal Enforcement of the United States Environmental Protection Agency, who could not collect social security benefits, may exclude his retirement pension for West Virginia personal income tax purposes, pursuant to the holding in *Dodson v. Palmer*, Civil Action No. 00-C-AP (Monongalia County, WV, 2000).

The statutory law of the State of West Virginia explicitly excludes from state income tax those pensions and annuities paid to retired West Virginia police officers, West Virginia firemen, West Virginia state police and West Virginia deputy sheriffs. *See* W. Va. Code Ann. §11-21-12(c)(6) (West 2010).

According to the ruling of the Circuit Court of Monongalia County, West Virginia, in *Dodson v. Palmer*, Civil Action No. 00-C-AP-10 (2000), a person who proves that he or she worked as a federal “law enforcement officer,” and did not qualify to receive social security benefits while working in that job may exclude all of his or her federal retirement income from that job for purposes of the West Virginia personal income tax.

For purposes of establishing special retirement eligibility, the Federal Office of Personnel Management has defined a federal “law enforcement officer” to mean, “an employee whose job duties are primarily the investigation, apprehension, or detention of individuals suspected or convicted of offenses against the criminal laws of the United States, including an employee engaged in this activity who is transferred to a supervisory or administrative position.” *See* 5 C.F.R. §831.902 (2011); *See also* 5 C.F.R. §§831.901 and 831.903 (2011). The federal government has also distinguished such “law enforcement officers” from other civil service

employees, including military personnel, in that the federal law enforcement officers' retirement is calculated using an altogether different formula from the one used to calculate other federal civil service employees' retirement benefits.

The documents, submitted by Petitioner in this matter, showed he is a retired criminal investigator of the U. S. Environmental Protection Agency, and that his duties were commensurate with his job as a federal law enforcement officer.

The retirement system, into which Petitioners contributed, is separate, and apart from the social security retirement insurance program and Petitioners did not pay social security taxes while employed; therefore, they cannot receive social security benefits.

Petitioner, as a qualified federal law enforcement officer, is therefore entitled to exclude his law enforcement retirement benefits from West Virginia personal income tax pursuant to the ruling in *Dodson v. Palmer*, Civil Action No. 00-C-AP-10 (2000).

CONCLUSIONS OF LAW

Based upon all the above, it is **HELD** that:

1. In a hearing before the West Virginia Office of Tax Appeals on a petition for refund, the burden of proof is upon the Petitioner to show that he or she is entitled to the refund requested. *See* W. Va. Code Ann. §11-10A-10(e) (West 2010); W. Va. Code R § 121-1-63.1 (2003).

2. The statutory law of the State of West Virginia explicitly excludes from state income tax those pensions and annuities paid to the retired West Virginia police officers, West Virginia firemen, West Virginia state police and West Virginia deputy sheriffs. *See* W. Va. Code Ann. §11-21-12(c)(6) (West 2010).

3. A person who proves that he or she worked as a federal law enforcement officer, and did not qualify to receive social security benefits while working in that job, may exclude all

of his or her federal retirement income from that job for purposes of the West Virginia personal income tax. *See Dodson v. Palmer*, Civil Action No. 00-C-AP-10 (Monongalia County Cir. Ct. W. Va. 2000).

4. The Federal Office of Personnel Management has defined a federal law enforcement officer to mean an employee whose job duties are primarily the investigation, apprehension, or detention of individuals suspected or convicted of offenses against the criminal laws of the United States, including an employee engaged in this activity who is transferred to a supervisory or administrative position. *See* 5 C.F.R. §831.902 (2011); *See also* 5 C.F.R. §§ 831.901 and 831.903 (2011).

5. Petitioner has carried the burden of proof with respect to the issue of whether he is entitled to the same treatment as the taxpayer in the *Dodson* ruling, in that he has established his special retirement eligibility as a federal law enforcement officer whose retirement system, being separate and apart from the social security retirement program, does not qualify Petitioner to receive social security benefits.

DISPOSITION

WHEREFORE, it is the Final Decision of the West Virginia Office of Tax Appeals that Petitioners' petition for refund of West Virginia personal income tax for tax years 2009, 2010, 2011, and 2012 is **GRANTED**, as corrected, in the amount of \$ _____.

WEST VIRGINIA OFFICE OF TAX APPEALS

By: _____
George V. Piper
Administrative Law Judge

Date Entered