

## Renter Credit Reform Summary – Act 160 of 2020

VERMONT DEPARTMENT OF TAXES, OFFICE OF THE COMMISSIONER, November 2022

	Renter Rebate (through TY20)	Renter Credit (TY21 and after)
Claimants per household	One	No limit, but non-married adults in shared living situations receive 50% scaled down credit
Must be domiciled in VT full year	Yes	Yes
Available to dependents	No	No
Available to part year renters	No	Yes, if rented for at least six months. Credit prorated based on months
Sensitive to family size	No	Yes, both the credit amounts and income parameters
Sensitive to county of residency	No	Yes, both the credit amounts and income parameters
Forms	3: Renter Rebate Form, Household Income Form, Landlord Certificate	2: Renter Rebate Form and greatly simplified Landlord Certificate
Income limits	Household \$47,000	HUD “Very Low Income” by family size by county
Income Definition	Vermont “MAGI” of household	Claimant’s total income (from AGI) + 75% nontaxable social security + nontaxable interest + addback of business losses
Cliffs	Yes, at \$10,000, \$25,000 and \$47,000 of household income	No. Smooth phaseout between HUD extreme low income and HUD very low income
Adjusts for inflation	No	Yes. HUD annually inflates/resurveys county income and rent
Max Credit	\$3,000	\$2,500
Subsidized Renter	Rent amount scaled by percent tenant pays after subsidy	Credit amount = 10% of gross rent actually paid by renter after subsidy
Who calculates	Claimant (with Tax dept. review)	Tax Department
Credit Calculation (basic)	21% of contract rent minus (if less) percentage of income: 2.0% for income \$0 - \$10K 4.5% for income \$10K - \$25K 5.0% for income \$25K - \$47K	10% of HUD county rent based on #exemptions (1 = 1 bedroom, 2 = 2 bedroom, etc.). Credit phased out between HUD extremely low income level (ELIL = 30% of median) and very low income level (VLIL = 50% of median)
Example Credit: Parent and child, Wash. county, \$30,000 income, \$10,000 rent	21% of \$10,000 = \$2,100 5% of \$30,000 = \$1,500 \$2,100 - \$1,500 = <b>\$600</b>	HUD 10% of 2 bed avg. for Wash. County = \$1,373 2 person: ELIL = \$21,950 and VLIL = \$36,600 Phaseout Range: \$36,600 – \$21,950 = \$14,650 Phaseout %: \$36,600 – \$30,000 = \$6,600 \$6,600 / \$14,650 = 45% 45% of \$1,373 = <b>\$618</b>

The programmatic changes shifted the benefit from smaller households to larger ones...

Change in Average Renter Rebate by Household Size and Household Income					
Household Income	Size of Household				Row AVG
	1	2	3	4 or more	
Less Than 10,000	\$ 100	\$ 300	\$ 300	\$ 100	\$ 100
10,000 to 20,000	\$ 250	\$ 400	\$ 700	\$ 500	\$ 300
20,000 to 30,000	\$ (200)	\$ 150	\$ 500	\$ 750	\$ -
30,000 to 40,000	\$ (500)	\$ (150)	\$ 50	\$ 350	\$ (250)
Over 40,000	\$ (450)	\$ 100	\$ 200	\$ 350	\$ (50)
Column AVG	\$ (50)	\$ 100	\$ 350	\$ 500	\$ 50

Estimated (FY21) Total Claimant Count by Household Size and Household Income					
Household Income	Size of Household				Total
	1	2	3	4 or more	
Less Than 10,000	2,200	200	100	100	2,600
10,000 to 20,000	3,600	600	200	200	4,600
20,000 to 30,000	2,800	900	400	300	4,400
30,000 to 40,000	1,800	700	300	300	3,100
Over 40,000	700	700	200	300	1,900
Total	11,000	3,100	1,300	1,100	16,500

...and from households with higher rents to households with lower rents:

Change in Average Renter Rebate by Monthly Rent Paid and Household Income						
Household Income	Monthly Rent Paid					Row AVG
	Less Than 500	500 to 1000	1000 to 1500	1500 to 2000	Over 2000	
Less Than 10,000	\$ 100	\$ 150	\$ 150	\$ 100	\$ -	\$ 150
10,000 to 20,000	\$ 400	\$ 250	\$ (250)	\$ (300)	\$ (1,050)	\$ 300
20,000 to 30,000	\$ 350	\$ 100	\$ (500)	\$ (1,100)	\$ (1,400)	\$ -
30,000 to 40,000	\$ 150	\$ (50)	\$ (550)	\$ (1,400)	\$ (2,250)	\$ (250)
Over 40,000	\$ 200	\$ 200	\$ (100)	\$ (550)	\$ (700)	\$ (50)
Column AVG	\$ 300	\$ 100	\$ (350)	\$ (900)	\$ (1,200)	\$ 50

Estimated (FY21) Total Claimant Count by Monthly Rent Paid and Household Income						
Household Income	Monthly Rent Paid					Total
	Less Than 500	500 to 1000	1000 to 1500	1500 to 2000	Over 2000	
Less Than 10,000	2,000	420	70	10	-	2,490
10,000 to 20,000	2,290	1,980	230	50	20	4,580
20,000 to 30,000	660	2,970	640	90	30	4,390
30,000 to 40,000	150	1,840	940	140	40	3,110
Over 40,000	70	770	870	160	90	1,960
Total	5,180	7,980	2,750	450	180	16,530