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Renter Rebate Reform: Impact Analysis

Who “wins” from the switch from household income to MAGI?

Counts listed are for known renter households with at least \$10,000 in listed income type

- Filers receiving cash public assistance and relief (<50)
- Filers receiving nontaxable SSI, SSDI, railroad retirement or veteran’s benefits (<750; difficult to estimate)
- Filers reporting business losses (<50)
- Filers receiving workers compensation (<50)
- Filers receiving alimony (non-AGI), support money, child support, or cash gifts (<50)
- Filers receiving allowances as dependents of servicemen and women, federal employees receiving cost of living allowances, filers receiving loss of time insurance (<50)
- Filers with nontaxable Roth IRA distributions or federal pension and annuity benefits (<100; difficult to estimate)
- Filers receiving nontaxable bond income (<10)
- Filers reducing AGI by any of these federally-allowed adjustments to income: educator expenses, self-employed retirement contributions, moving expenses for members of the armed forces, penalty on early withdrawal of savings, IRA deduction, student loan interest deduction (<10)
- Filers under 65 with interest and dividends over \$10,000 (<20)

Who “loses” from the switch from household income to MAGI?

Counts listed are for known renter households with at least \$10,000 in listed income type

- Filers who pay substantial child support (<10)
- Filers with a dependent who earns income and is disabled or a full- time student (unknown)
- Filers with substantial income from the cancellation of debt, such as federal student loan forgiveness (unknown)

Please note: The figures on this slide and the previous one are provided to show whose income totals might change substantially under the proposed definition of income (Medicaid MAGI) vs the current law definition, not who wins or loses under the reform proposal. The population analyzed for this exercise was all current law renter rebate claimants on file, regardless of whether they were received a rebate under current law or are projected to under the reform proposal.

New Claimants

The Vermont Department of Taxes (VDT) estimates below are incorporated into program totals on following slides

Under the reform proposal:

- VDT estimates 200 new part-year recipients getting \$80,000 total
- VDT estimates 600 new recipients getting \$400,000 due to the reduced administrative burden
- VDT estimates an additional 800 unrelated adults getting \$400,000 who are currently part of complex or higher income households

Total projected FY21 recipients: 13,616 (from 11,919 under current law)

Total projected FY21 cost: \$9.29M (from \$8.53M under current law)

Impact by Income and Household Size

Change in Average Renter Rebate by Household Size and Household Income						
	Size of Household					
Household Income	1	2	3	4 or more	Total	
Less Than 10,000	\$ 100	\$ 300	\$ 300	\$ 100	\$ 100	
10,000 to 25,000	\$ 150	\$ 350	\$ 600	\$ 700	\$ 250	
25,000 to 47,000	\$ (450)	\$ (100)	\$ 150	\$ 350	\$ (200)	
Over 47,000	\$ 300	\$ 350	\$ 500	\$ 700	\$ 400	
Total	\$ (50)	\$ 100	\$ 300	\$ 500	\$ 50	
Household Income categorization is based on current law definition of household income						
The Over 47,000 bracket understates household size because the VDT does not work to verify data for denied claims						

Estimated (FY21) Total Claimant Count by Household Size and Household Income						
	Size of Household					
Household Income	1	2	3	4 or more	Total	
Less Than 10,000	2,200	200	100	100	2,600	
10,000 to 25,000	5,100	1,100	400	300	6,900	
25,000 to 47,000	3,600	1,500	600	700	6,400	
Over 47,000	100	300	100	100	600	
Total	11,000	3,100	1,300	1,100	16,500	
Reflects roughly 14,900 current law claimants and estimated 1,600 new recipients						
Cells may not sum to total due to rounding and/or suppression						

Impact by Income and Monthly Rent

Change in Average Renter Rebate by Household Income and Monthly Rent Paid						
	Monthly Rent Paid					
Household Income	Less Than 500	500 to 1000	1000 to 1500	1500 to 2000	Over 2000	Total
Less Than 10,000	\$ 100	\$ 200	\$ 100	\$ -	\$ -	\$ 150
10,000 to 25,000	\$ 400	\$ 200	\$ (350)	\$ (400)	\$ -	\$ 250
25,000 to 47,000	\$ 250	\$ -	\$ (500)	\$ (1,300)	\$ (2,050)	\$ (200)
Over 47,000	\$ -	\$ 250	\$ 350	\$ 300	\$ -	\$ 350
Total	\$ 300	\$ 100	\$ (350)	\$ (800)	\$ (1,050)	\$ 50
Rent amounts are "contract rent" or rent paid solely for the right of occupancy						

Estimated (FY21) Total Claimant Count by Household Income and Monthly Rent Paid						
	Monthly Rent Paid					
Household Income	Less Than 500	500 to 1000	1000 to 1500	1500 to 2000	Over 2000	Total
Less Than 10,000	2,000	400	100	-	-	2,500
10,000 to 25,000	2,800	3,500	500	100	-	6,900
25,000 to 47,000	300	3,800	1,900	300	100	6,400
Over 47,000	-	300	300	100	-	700
Total	5,200	8,000	2,800	500	200	16,500
Reflects roughly 14,900 current law claimants and estimated 1,600 new recipients						
Cells may not add up to total due to rounding and/or suppression						