

Renter Rebate Reform: Current Law vs. Reform Proposal

	Current Law	Reform
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 losses.
Cliffs	Yes, at \$10,000, \$25,000 and \$47,000 of household income	No. Smooth phaseout between HUD extreme low income and 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 - \$9,999 4.5% for income \$10,000 - \$24,999 5.0% for income \$25,000 - \$47,000	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 (2019): Parent and child, Washington county, \$25,000 income, \$9,000 annual rent (= \$750 per month in contract rent which is rent after any included items such utilities)	21% of \$9,000 = \$1,890 5% of \$25,000 = \$1,250 \$1,890 - \$1,250 = \$640	HUD 10% of 2 bed avg. for Washington County = \$1,243 2 person: ELIL = \$18,900 and VLIL = \$31,500 Phaseout Range: \$31,500 – \$18,900 = \$12,600 Phaseout Proportion: \$31,500 – \$25,000 = \$6,500 \$6,500 / \$12,600 = 51.6% 52% of \$1,277 = \$641