

Yield Bill – Renter Credit

House Committee on Ways and Means

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Outline of talk

- History of the renter credit (previously renter rebate)
- Current law renter credit parameters
- Renter credit by the numbers
- H.949 renter credit Senate proposal



History of the Renter Credit (Rebate)



Renter Rebate

- The renter rebate provided cash assistance to renters who met certain income thresholds.
- In 2020 the parameters of the renter rebate were quite different than the current form of the renter credit.
- To be eligible claimants had to;
 - Be domiciled in Vermont for the full year and have income below \$47,000
- Other parameters included;
 - One claimant per household
 - Was not available to dependents
 - Not available to part year renters
 - Not sensitive to family size
 - Not sensitive to county of residency



Renter Rebate

- Income to determine eligibility was based on household modified adjusted gross income (MAGI).
- Income and credit parameters did not adjust with inflation.
- The credit was calculated as 21% of contract rent minus a percentage of income (example calculation on next slide);
 - 2% for income between \$0 and \$9,999
 - 4.5% for income between \$10,000 and \$24,999
 - 5% for income between \$25,000 and \$47,000
- This created cliffs in credit at \$10,000, \$15,000 and \$47,000 of household MAGI.
- The credit was capped at \$3,000



Renter Rebate

- Couple other notes;
 - The renter rebate required forms including the renter rebate form, household income form, and landlord certificate.
 - The claimant needed to calculate what their credit should be and then the Tax Department would review the claim.
 - It put a reasonably high burden of documentation on the part of the claimant which can sometimes dissuade people from claiming.
 - Because the credit calculation was tied to contract rents, it might have incentivized some people to seek out higher rent properties than they might have otherwise.
 - Income eligibility was not adjusted for inflation.



Renter Rebate Example

- Example calculation;
 - A parent and child rent in Washington county
 - MAGI is \$25,000
 - Contract rent is \$17,030 annually, \$1,419 monthly.
- 21% of \$17,030 equals \$3,576
- 5% of \$25,000 equals \$1,250
- \$3,576 minus \$1,250 equals \$2,326



Current law Renter Credit Parameters



Current Law Renter Credit Parameters

- Starting in claim year 2021 wholesale changes were made to criteria, restrictions, and credit calculations.
- There could be more than one claimant per household, but non-married adults in shared-living situations would receive 50% of the credit.
- Credit is available to part year renters, but prorated based on the number of months renting.
- Is sensitive to family size and county of residency.
- Introduced new income eligibility parameters that smoothed the phaseout of the credit and removed cliffs.



Current Law Renter Credit Parameters

- Income Parameters;
 - Claimants who are defined by HUD as “extremely low income” (30% of AMI) are eligible to receive the full credit amount.
 - The credit is phased out between “extremely low income” and “low income” (50% of AMI).
 - This was increased to 65% of AMI in 2024.
- Income is defined as AGI + 75% of nontaxable social security + nontaxable interest + addback of losses.



Current Law Renter Credit Parameters

- The credit is calculated as 10% of the HUD fair market rent.
 - HUD fair market rents are set at the 40th percentile of gross rents, including utilities, in a county.
 - These rents are used for the Section 8 Housing Choice Voucher program federally.
 - HUD conducts surveys and updates these figures annually so they do grow with inflation.
 - Accounts for differences in family sizes.
 - This means that credits are based on a benchmarked amount and not tied to contract rent.
- The maximum credit is set equal to \$2,500.



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Renter Rebate

- Couple other notes;
 - The renter credit only requires the Renter Rebate form and a simplified Landlord Certificate.
 - The Tax Department calculates the credit on behalf of the claimant.
 - These changes simplified the process for claimants.
 - Income eligibility is now adjusted for inflation and the cliffs in the credit calculation have been smoothed out.



Renter Credit Example

- Example calculation (same scenario as rebate example);
 - A parent and child rent in Washington county
 - Income is \$25,000
 - Contract rent is \$9,000 annually, \$750 monthly.
- HUD annual FMR in Washington County for a 2BR rental is \$17,030
- 30% AMI in Washington County is \$26,500 so claimant is eligible for full credit amount.
- $\$17,030 \times 10\%$ equals \$1,703 credit amount.



Renter credit by the numbers



Renter Credit by the Numbers

2025 Full Credit Income Limits by County

County	Family Size							
	1	2	3	4	5	6	7	8
Addison	\$24,400	\$27,900	\$31,400	\$34,850	\$37,650	\$43,150	\$48,650	\$54,150
Bennington	\$22,900	\$26,150	\$29,400	\$32,650	\$37,650	\$43,150	\$48,650	\$54,150
Caledonia	\$21,800	\$24,900	\$28,000	\$32,150	\$37,650	\$43,150	\$48,650	\$54,150
Chittenden	\$27,300	\$31,200	\$35,100	\$38,950	\$42,100	\$45,200	\$48,650	\$54,150
Essex	\$21,800	\$24,900	\$28,000	\$32,150	\$37,650	\$43,150	\$48,650	\$54,150
Franklin	\$22,790	\$26,030	\$29,280	\$33,130	\$38,020	\$43,320	\$48,650	\$54,150
Grand Isle	\$22,790	\$26,030	\$29,280	\$33,130	\$38,020	\$43,320	\$48,650	\$54,150
Lamoille	\$21,800	\$24,900	\$28,000	\$32,150	\$37,650	\$43,150	\$48,650	\$54,150
Orange	\$21,800	\$24,900	\$28,000	\$32,150	\$37,650	\$43,150	\$48,650	\$54,150
Orleans	\$21,800	\$24,900	\$28,000	\$32,150	\$37,650	\$43,150	\$48,650	\$54,150
Rutland	\$21,800	\$24,900	\$28,000	\$32,150	\$37,650	\$43,150	\$48,650	\$54,150
Washington	\$23,200	\$26,500	\$29,800	\$33,100	\$37,650	\$43,150	\$48,650	\$54,150
Windham	\$21,800	\$24,900	\$28,000	\$32,150	\$37,650	\$43,150	\$48,650	\$54,150
Windsor	\$23,050	\$26,350	\$29,650	\$32,900	\$37,650	\$43,150	\$48,650	\$54,150



Renter Credit by the Numbers

2025 Partial Credit Income Limits by County

County	Family Size							
	1	2	3	4	5	6	7	8
Addison	\$52,850	\$60,390	\$67,930	\$75,470	\$81,510	\$87,560	\$93,600	\$99,650
Bennington	\$49,530	\$56,620	\$63,700	\$70,790	\$76,440	\$82,100	\$87,820	\$93,470
Caledonia	\$47,190	\$53,950	\$60,650	\$67,410	\$72,800	\$78,200	\$83,590	\$88,990
Chittenden	\$59,090	\$67,540	\$75,990	\$84,370	\$91,130	\$97,890	\$104,650	\$111,410
Essex	\$47,190	\$53,950	\$60,650	\$67,410	\$72,800	\$78,200	\$83,590	\$88,990
Franklin	\$49,340	\$56,390	\$63,410	\$70,460	\$76,100	\$81,740	\$87,390	\$93,030
Grand Isle	\$49,340	\$56,390	\$63,410	\$70,460	\$76,100	\$81,740	\$87,390	\$93,030
Lamoille	\$47,190	\$53,950	\$60,650	\$67,410	\$72,800	\$78,200	\$83,590	\$88,990
Orange	\$47,190	\$53,950	\$60,650	\$67,410	\$72,800	\$78,200	\$83,590	\$88,990
Orleans	\$47,190	\$53,950	\$60,650	\$67,410	\$72,800	\$78,200	\$83,590	\$88,990
Rutland	\$47,190	\$53,950	\$60,650	\$67,410	\$72,800	\$78,200	\$83,590	\$88,990
Washington	\$50,250	\$57,460	\$64,610	\$71,760	\$77,550	\$83,270	\$88,990	\$94,770
Windham	\$47,190	\$53,950	\$60,650	\$67,410	\$72,800	\$78,200	\$83,590	\$88,990
Windsor	\$49,920	\$57,070	\$64,220	\$71,310	\$77,030	\$82,750	\$88,470	\$94,190



Renter Credit by the Numbers

2025 Credit Amounts Based on HUD Data Based on Number of Bedrooms

County	Number of Bedrooms							
	1	2	3	4	5	6	7	8
Addison	\$ 1,324	\$ 1,692	\$ 2,112	\$ 2,394	\$ 2,394	\$ 2,394	\$ 2,394	\$ 2,394
Bennington	\$ 1,283	\$ 1,470	\$ 2,051	\$ 2,383	\$ 2,383	\$ 2,383	\$ 2,383	\$ 2,383
Caledonia	\$ 1,091	\$ 1,310	\$ 1,765	\$ 1,873	\$ 1,873	\$ 1,873	\$ 1,873	\$ 1,873
Chittenden	\$ 1,771	\$ 2,323	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Essex	\$ 1,025	\$ 1,135	\$ 1,591	\$ 1,621	\$ 1,621	\$ 1,621	\$ 1,621	\$ 1,621
Franklin	\$ 1,269	\$ 1,558	\$ 2,025	\$ 2,195	\$ 2,195	\$ 2,195	\$ 2,195	\$ 2,195
Grand Isle	\$ 1,269	\$ 1,558	\$ 2,025	\$ 2,195	\$ 2,195	\$ 2,195	\$ 2,195	\$ 2,195
Lamoille	\$ 1,169	\$ 1,534	\$ 2,064	\$ 2,071	\$ 2,071	\$ 2,071	\$ 2,071	\$ 2,071
Orange	\$ 1,241	\$ 1,511	\$ 1,976	\$ 2,072	\$ 2,072	\$ 2,072	\$ 2,072	\$ 2,072
Orleans	\$ 1,146	\$ 1,319	\$ 1,717	\$ 1,894	\$ 1,894	\$ 1,894	\$ 1,894	\$ 1,894
Rutland	\$ 1,198	\$ 1,508	\$ 1,861	\$ 2,330	\$ 2,330	\$ 2,330	\$ 2,330	\$ 2,330
Washington	\$ 1,298	\$ 1,703	\$ 2,116	\$ 2,372	\$ 2,372	\$ 2,372	\$ 2,372	\$ 2,372
Windham	\$ 1,334	\$ 1,625	\$ 2,022	\$ 2,154	\$ 2,154	\$ 2,154	\$ 2,154	\$ 2,154
Windsor	\$ 1,352	\$ 1,561	\$ 2,030	\$ 2,088	\$ 2,088	\$ 2,088	\$ 2,088	\$ 2,088

Renter Credit by the Numbers

Claim Year	Fiscal Year	Recipients	Posted Total	Average Credit Amount	Notes
2018	2019	11,926	\$8,551,186	\$717.02	Renter rebate
2019	2020	10,934	\$8,172,137	\$747.41	Renter rebate
2020	2021	9,345	\$6,789,818	\$726.57	Renter rebate
2021	2022	11,288	\$6,851,975	\$607.01	First year of renter credit
2022	2023	11,419	\$6,281,805	\$550.12	Covid rent relief lowered program cost
2023	2024	12,022	\$7,240,539	\$602.27	
2024	2025	16,491	\$10,398,199	\$630.54	income eligibility expansion (act 144, sec. 5)
2025	2026	15,480	\$9,916,406	\$640.59	preliminary - posted to date 04/16/26

H.949 renter credit Senate proposal



Renter Credit Example

- The Senate proposed amendment would do two things;
 1. Increase the credit rate from 10% to 12.5%
 2. Increase the maximum credit amount from \$2,500 to \$3,250.
- Both changes would apply exclusively to claim year 2027 affecting fiscal year 2027 (credits are typically claimed in April when filers also submit their PIT returns).
 - After 2027 the credit rate and maximum credit amount would revert to 10% and \$2,500 respectively.
- These changes are estimated to cost \$4 million in fiscal year 2027.
- The Senate versions of the Budget and Yield Bill account for this \$4 million cost.



Why increase the credit rate and Maximum Credit amount?

2025 Credit Amounts Based on HUD Data Based on Number of Bedrooms

County	Number of Bedrooms							
	1	2	3	4	5	6	7	8
Addison	\$ 1,324	\$ 1,692	\$ 2,112	\$ 2,394	\$ 2,394	\$ 2,394	\$ 2,394	\$ 2,394
Bennington	\$ 1,283	\$ 1,470	\$ 2,051	\$ 2,383	\$ 2,383	\$ 2,383	\$ 2,383	\$ 2,383
Caledonia	\$ 1,091	\$ 1,310	\$ 1,765	\$ 1,873	\$ 1,873	\$ 1,873	\$ 1,873	\$ 1,873
Chittenden	\$ 1,771	\$ 2,323	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Essex	\$ 1,025	\$ 1,135	\$ 1,591	\$ 1,621	\$ 1,621	\$ 1,621	\$ 1,621	\$ 1,621
Franklin	\$ 1,269	\$ 1,558	\$ 2,025	\$ 2,195	\$ 2,195	\$ 2,195	\$ 2,195	\$ 2,195
Grand Isle	\$ 1,269	\$ 1,558	\$ 2,025	\$ 2,195	\$ 2,195	\$ 2,195	\$ 2,195	\$ 2,195
Lamoille	\$ 1,169	\$ 1,534	\$ 2,064	\$ 2,071	\$ 2,071	\$ 2,071	\$ 2,071	\$ 2,071
Orange	\$ 1,241	\$ 1,511	\$ 1,976	\$ 2,072	\$ 2,072	\$ 2,072	\$ 2,072	\$ 2,072
Orleans	\$ 1,146	\$ 1,319	\$ 1,717	\$ 1,894	\$ 1,894	\$ 1,894	\$ 1,894	\$ 1,894
Rutland	\$ 1,198	\$ 1,508	\$ 1,861	\$ 2,330	\$ 2,330	\$ 2,330	\$ 2,330	\$ 2,330
Washington	\$ 1,298	\$ 1,703	\$ 2,116	\$ 2,372	\$ 2,372	\$ 2,372	\$ 2,372	\$ 2,372
Windham	\$ 1,334	\$ 1,625	\$ 2,022	\$ 2,154	\$ 2,154	\$ 2,154	\$ 2,154	\$ 2,154
Windsor	\$ 1,352	\$ 1,561	\$ 2,030	\$ 2,088	\$ 2,088	\$ 2,088	\$ 2,088	\$ 2,088

- Only increasing the credit rate means that everyone but some renters in Chittenden County benefit
- Only increasing the maximum credit amount would mean only some renters in Chittenden County Benefit
- Increasing both means all income eligible renters benefit



New Credit Amounts

2025 Credit Amounts Based on HUD Data Based on Number of Bedrooms

County	Number of Bedrooms															
	1		2		3		4		5		6		7		8	
Addison	\$	1,655	\$	2,115	\$	2,640	\$	2,993	\$	2,993	\$	2,993	\$	2,993	\$	2,993
Bennington	\$	1,604	\$	1,838	\$	2,564	\$	2,979	\$	2,979	\$	2,979	\$	2,979	\$	2,979
Caledonia	\$	1,364	\$	1,638	\$	2,206	\$	2,341	\$	2,341	\$	2,341	\$	2,341	\$	2,341
Chittenden	\$	2,214	\$	2,904	\$	3,250	\$	3,250	\$	3,250	\$	3,250	\$	3,250	\$	3,250
Essex	\$	1,281	\$	1,419	\$	1,989	\$	2,026	\$	2,026	\$	2,026	\$	2,026	\$	2,026
Franklin	\$	1,586	\$	1,948	\$	2,531	\$	2,744	\$	2,744	\$	2,744	\$	2,744	\$	2,744
Grand Isle	\$	1,586	\$	1,948	\$	2,531	\$	2,744	\$	2,744	\$	2,744	\$	2,744	\$	2,744
Lamoille	\$	1,461	\$	1,918	\$	2,580	\$	2,589	\$	2,589	\$	2,589	\$	2,589	\$	2,589
Orange	\$	1,551	\$	1,889	\$	2,470	\$	2,590	\$	2,590	\$	2,590	\$	2,590	\$	2,590
Orleans	\$	1,433	\$	1,649	\$	2,146	\$	2,368	\$	2,368	\$	2,368	\$	2,368	\$	2,368
Rutland	\$	1,498	\$	1,885	\$	2,326	\$	2,913	\$	2,913	\$	2,913	\$	2,913	\$	2,913
Washington	\$	1,623	\$	2,129	\$	2,645	\$	2,965	\$	2,965	\$	2,965	\$	2,965	\$	2,965
Windham	\$	1,668	\$	2,031	\$	2,528	\$	2,693	\$	2,693	\$	2,693	\$	2,693	\$	2,693
Windsor	\$	1,690	\$	1,951	\$	2,538	\$	2,610	\$	2,610	\$	2,610	\$	2,610	\$	2,610



Questions?

