

116TH CONGRESS
1ST SESSION

H. R. 2169

To amend the Internal Revenue Code of 1986 to allow for a credit against tax for rent paid on the personal residence of the taxpayer.

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 2019

Mr. DANNY K. DAVIS of Illinois (for himself, Mr. GOMEZ, and Mr. PETERS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow for a credit against tax for rent paid on the personal residence of the taxpayer.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rent Relief Act of
5 2019”.

6 **SEC. 2. REFUNDABLE CREDIT FOR RENT PAID FOR PRIN-** 7 **CIPAL RESIDENCE.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 36B the fol-
2 lowing new section:

3 **“SEC. 36C. RENT PAID FOR PRINCIPAL RESIDENCE.**

4 “(a) IN GENERAL.—In the case of an individual who
5 leases the individual’s principal residence (within the
6 meaning of section 121) during the taxable year and who
7 pays rent with respect to such residence in excess of 30
8 percent of the taxpayer’s gross income for such taxable
9 year, there shall be allowed as a credit against the tax
10 imposed by this subtitle for such taxable year an amount
11 equal to the applicable percentage of such excess.

12 “(b) CREDIT LIMITED BY 100 PERCENT OF SMALL
13 AREA FAIR MARKET RENT.—Solely for purposes of deter-
14 mining the amount of the credit allowed under subsection
15 (a) with respect to a residence for the taxable year, there
16 shall not be taken into account rent in excess of an
17 amount equal to 100 percent of the small area fair market
18 rent (including the utility allowance) applicable to the resi-
19 dence involved (as most recently published, as of the be-
20 ginning of the taxable year, by the Department of Housing
21 and Urban Development).

22 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
23 poses of this section—

24 “(1) APPLICABLE PERCENTAGE.—

1 “(A) IN GENERAL.—Except as provided in
 2 subparagraph (B), the applicable percentage
 3 shall be determined in accordance with the fol-
 4 lowing table:

“If gross income is:	The applicable percentage is:
Not over \$25,000	100 percent
Over \$25,000, but not over \$50,000	75 percent
Over \$50,000, but not over \$75,000	50 percent
Over \$75,000, but not over \$100,000	25 percent
Over \$100,000	0 percent.

5 “(B) HIGH-COST AREAS.—In the case of
 6 an individual whose principal residence is lo-
 7 cated in an area for which, under the rule pub-
 8 lished in the Federal Register on November 16,
 9 2016 (81 Fed. Reg. 80567), the small area fair
 10 market rent is used for purposes of the Hous-
 11 ing Choice Voucher Program, each of the dollar
 12 amounts in the table contained in subparagraph
 13 (A) shall be increased by \$25,000.

14 “(2) PARTIAL YEAR RESIDENCE.—The Sec-
 15 retary shall prescribe such rules as are necessary to
 16 carry out the purposes of this section for taxpayers
 17 with respect to whom a residence is a principal resi-
 18 dence for only a portion of the taxable year.

19 “(3) SPECIAL RULE FOR INDIVIDUALS RESID-
 20 ING IN GOVERNMENT-SUBSIDIZED HOUSING.—In the
 21 case of a principal residence—

1 “(A) the rent with respect to which is sub-
2 sidized under a Federal, State, local, or tribal
3 program, and

4 “(B) with respect to which the taxpayer
5 elects the application of this paragraph,
6 in lieu of the credit determined under subsection (a),
7 there shall be allowed as a credit against the tax im-
8 posed by this subtitle for such taxable year an
9 amount equal to $\frac{1}{12}$ of the amount of rent paid by
10 the taxpayer (and not subsidized under any such
11 program) during the taxable year with respect to
12 such residence.

13 “(4) RENT.—The term ‘rent’ includes any
14 amount paid for utilities of a type taken into ac-
15 count for purposes of determining the utility allow-
16 ance under section 42(g)(2)(B)(ii).

17 “(d) RECONCILIATION OF CREDIT AND ADVANCE
18 PAYMENTS.—The amount of the credit allowed under this
19 section for any taxable year shall be reduced (but not
20 below zero) by the aggregate amount of any advance pay-
21 ments of such credit under section 7527A for such taxable
22 year.”.

23 (b) ADVANCE PAYMENT.—Chapter 77 of the Internal
24 Revenue Code of 1986 is amended by inserting after sec-
25 tion 7527 the following new section:

1 **“SEC. 7527A. ADVANCE PAYMENT OF MIDDLE CLASS TAX**
 2 **CREDIT.**

3 “(a) IN GENERAL.—Not later than 6 months after
 4 the date of the enactment of the Rent Relief Act of 2019,
 5 the Secretary shall establish a program for making ad-
 6 vance payments of the credit allowed under section 36C
 7 on a monthly basis to any taxpayer who—

8 “(1) the Secretary has determined will be al-
 9 lowed such credit for the taxable year, and

10 “(2) has made an election under subsection (c).

11 “(b) AMOUNT OF ADVANCE PAYMENT.—

12 “(1) IN GENERAL.—For purposes of subsection
 13 (a), the amount of the monthly advance payment of
 14 the credit provided to a taxpayer during the applica-
 15 ble period shall be equal to the lesser of—

16 “(A) an amount equal to—

17 “(i) the amount of the credit which
 18 the Secretary has determined will be al-
 19 lowed to such taxpayer under section 36C
 20 for the taxable year ending in such applica-
 21 ble period, divided by

22 “(ii) 12, or

23 “(B) such other amount as is elected by
 24 the taxpayer.

25 “(2) APPLICABLE PERIOD.—For purposes of
 26 this section, the term ‘applicable period’ means the

1 12-month period from the month of July of the tax-
 2 able year through the month of June of the subse-
 3 quent taxable year.

4 “(c) ELECTION OF ADVANCE PAYMENT.—A taxpayer
 5 may elect to receive an advance payment of the credit al-
 6 lowed under section 36C for any taxable year by including
 7 such election on a timely filed return for the preceding
 8 taxable year.

9 “(d) INTERNAL REVENUE SERVICE NOTIFICA-
 10 TION.—The Internal Revenue Service shall take such
 11 steps as may be appropriate to ensure that taxpayers who
 12 are eligible to receive the credit under section 36C are
 13 aware of the availability of the advance payment of such
 14 credit under this section.

15 “(e) AUTHORITY.—The Secretary may prescribe such
 16 regulations or other guidance as may be appropriate or
 17 necessary for the purposes of carrying out this section.”.

18 (c) CLERICAL AMENDMENTS.—

19 (1) IN GENERAL.—The table of sections for
 20 subpart C of part IV of subchapter A of chapter 1
 21 of the Internal Revenue Code of 1986 is amended by
 22 inserting after the item relating to section 36B the
 23 following new item:

“Sec. 36C. Rent paid for principal residence.”.

24 (2) ADVANCE PAYMENT.—The table of sections
 25 for chapter 77 of such Code is amended by inserting

1 after the item relating to section 7527 the following
2 new item:

“Sec. 7527A. Advance payment of middle class tax credit.”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply with respect to taxable years begin-
5 ning after December 31, 2018.

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