

## Support HB 5082 – Rep. Michael Zalewski - Income Tax Credit for Renters

HB 5082 creates an income tax credit for taxpayers of 5% of documented rental costs for a dwelling used by the taxpayer as a principal place of residence.

To qualify, a taxpayer must have lived in Illinois for at least half the year, have federal adjusted gross income at or below 200% of the federal poverty level, and rental payments must exceed 30% of the taxpayer’s federal adjusted gross income<sup>1</sup>.

### Background

Illinois currently has an income tax credit available to homeowners of 5% of real estate taxes paid on a principal residence (35 ILCS 5/208). However, no such companion credit exists for renters.

U.S. Census Data clearly shows that a far greater percentage of lower-income households pay more than 30% of their income on rent versus higher-income households.

The state’s property tax credit benefits homeowners. A far higher percentage of Illinois African-Americans in Illinois rent versus own housing units (61.2% of African-Americans rent versus 27.2% of whites)<sup>2</sup>.

HOUSEHOLD INCOME BY GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS	Illinois	
	Estimate	
Total:	1,654,139	
Less than \$10,000:	200,511	
Less than 30.0 percent	16,317	8.1%
30.0 percent or more	123,067	61.4%
Not computed	61,127	30.5%
\$10,000 to \$19,999:	218,361	
Less than 30.0 percent	34,660	15.9%
30.0 percent or more	175,130	80.2%
Not computed	8,571	3.9%
\$75,000 or more:	422,341	
Less than 30.0 percent	390,156	92.4%
30.0 percent or more	18,055	4.3%
Not computed	14,130	3.3%

*2019 1-Year American Community Survey, U.S. Census Bureau*

According to [www.rent.com](http://www.rent.com), 24 states have some form of a renter’s credit. Of those states, 11 apply to older renters (in many cases age 65 and up) or disabled individuals. Of the remaining states, the credit may be based on a percentage of rent paid or up to a maximum level. For example, Washington D.C. offers renters with a household income of \$20,000 or less a credit of up to \$750. Wisconsin offers a credit to renters with less than \$24,680 in household income with a maximum credit of \$1,168.

**HB 5082 would not only provide greater economic relief to lower-income households but also create greater racial and ethnic parity in tax code provisions on housing.**



**For further information contact:**

Tasha Green Cruzat – President, Children’s Advocates for Change

312-351-5600

Mitch Lifson – Vice-President for Policy, Children’s Advocates for Change

847-732-2890

<sup>1</sup> There is a drafted amendment to make a technical correction to this last provision.

<sup>2</sup> 2019 5-year American Community Survey Data, U.S. Census Bureau