

118TH CONGRESS
1ST SESSION

H. R. 6721

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

DECEMBER 12, 2023

Mr. DAVIS of Illinois (for himself, Mr. GOMEZ, Mr. PETERS, Mr. PANETTA, Ms. JACOBS, Mr. CARSON, Mr. MULLIN, Ms. LEE of California, Ms. NORTON, Mr. EVANS, Mr. THANEDAR, Ms. TLAIB, Ms. CROCKETT, Mrs. WATSON COLEMAN, Ms. JACKSON LEE, Mr. CARTER of Louisiana, Mr. LIEU, Mr. JOHNSON of Georgia, Ms. SEWELL, Ms. WILSON of Florida, and Ms. SCHAKOWSKY) 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 2023”.

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

3 (a) IN GENERAL.—Subpart C of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by inserting after section 36B the fol-
6 lowing new section:

7 **“SEC. 36C. RENTER TAX CREDIT.**

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

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

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

3 “(1) APPLICABLE PERCENTAGE.—The term
4 ‘applicable percentage’ means the percentage deter-
5 mined in accordance with the following table:

“If the taxpayer’s adjusted 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.

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

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

15 “(4) MARRIED INDIVIDUALS FILING SEPARATE
16 RETURNS.—In the case of individuals who are mar-
17 ried to each other, have the same principal resi-
18 dence, and do not file a joint return for the taxable
19 year, the credit determined under this section with
20 respect to each such individual shall be 50 percent
21 of the amount of the credit which would be deter-

1 mined under this section if such individuals filed a
2 joint return, unless such individuals agree on a dif-
3 ferent division of such credit (in such manner as the
4 Secretary may provide) which does not aggregate to
5 more 100 percent of such amount.

6 “(d) RECONCILIATION OF CREDIT AND ADVANCE
7 PAYMENTS.—The amount of the credit allowed under this
8 section for any taxable year shall be reduced (but not
9 below zero) by the aggregate amount of any advance pay-
10 ments of such credit under section 7527B for such taxable
11 year.”.

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

15 **“SEC. 7527B. ADVANCE PAYMENT OF RENTER TAX CREDIT.**

16 “(a) IN GENERAL.—Not later than 6 months after
17 the date of the enactment of the Rent Relief Act of 2023,
18 the Secretary shall establish a program for making ad-
19 vance payments of the credit allowed under section 36C
20 on a monthly basis to any taxpayer who—

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

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

24 “(b) AMOUNT OF ADVANCE PAYMENT.—

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

5 “(A) an amount equal to—

6 “(i) the amount of the credit which
7 the Secretary has determined will be al-
8 lowed to such taxpayer under section 36C
9 for the taxable year ending in such applica-
10 ble period, divided by

11 “(ii) 12, or

12 “(B) such other amount as is elected by
13 the taxpayer.

14 “(2) APPLICABLE PERIOD.—For purposes of
15 this section, the term ‘applicable period’ means the
16 12-month period from the month of July of the tax-
17 able year through the month of June of the subse-
18 quent taxable year.

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

24 “(d) INTERNAL REVENUE SERVICE NOTIFICA-
25 TION.—The Internal Revenue Service shall take such

1 steps as may be appropriate to ensure that taxpayers who
2 are eligible to receive the credit under section 36C are
3 aware of the availability of the advance payment of such
4 credit under this section.

5 “(e) REGULATIONS.—The Secretary may prescribe
6 such regulations or other guidance as may be necessary
7 or appropriate to carry out the purposes this section.”.

8 (c) CLERICAL AMENDMENTS.—

9 (1) IN GENERAL.—The table of sections for
10 subpart C of part IV of subchapter A of chapter 1
11 of the Internal Revenue Code of 1986 is amended by
12 inserting after the item relating to section 36B the
13 following new item:

“Sec. 36C. Renter tax credit.”.

14 (2) ADVANCE PAYMENT.—The table of sections
15 for chapter 77 of such Code is amended by inserting
16 after the item relating to section 7527A the fol-
17 lowing new item:

“Sec. 7527B. Advance payment of renter tax credit.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply with respect to taxable years begin-
20 ning after December 31, 2023.

21 (e) COMMUNITY OUTREACH.—Immediately upon the
22 enactment of this Act, in addition to amounts otherwise
23 available, there are appropriated out of any money in the
24 Treasury not otherwise appropriated \$50,000,000 to re-

1 main available until 5 years after the enactment of this
2 Act for necessary expenses for the Internal Revenue Serv-
3 ice to support efforts to increase enrollment of eligible
4 households in the Renter Tax Credit allowed under section
5 36C of the Internal Revenue Code of 1986 (including the
6 advance payment of such credit under section 7527B of
7 such Code), including but not limited to program out-
8 reach, costs of data sharing arrangements, systems
9 changes, forms changes, and related efforts, and efforts
10 by Federal agencies to facilitate the cross-enrollment of
11 beneficiaries of other programs in such Renter Tax Credit,
12 including by establishing intergovernmental cooperative
13 agreements with States and local governments, tribal gov-
14 ernments, and possessions of the United States: Provided,
15 that such amount shall be available in addition to any
16 amounts otherwise available: Provided further, that these
17 funds may be awarded by Federal agencies to State and
18 local governments, tribal governments, and possessions of
19 the United States, and private entities, including organiza-
20 tions dedicated to free tax return preparation.

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