

117TH CONGRESS
2D SESSION

S. 4728

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 SENATE OF THE UNITED STATES

AUGUST 2, 2022

Mr. WARNOCK introduced the following bill; which was read twice and referred to the Committee on Finance

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 2022”.

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 designated by the Secretary of
 8 Housing and Urban Development as an area
 9 which has high construction, land, or utility
 10 costs relative to area median gross income for
 11 purposes of section 42(d)(5), 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 “(e) TERMINATION.—This section shall not apply to
 24 taxable years beginning after December 31, 2024.”.

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

4 **“SEC. 7527A. ADVANCE PAYMENT OF MIDDLE CLASS TAX**
 5 **CREDIT.**

6 “(a) IN GENERAL.—Not later than 6 months after
 7 the date of the enactment of the Rent Relief Act of 2022,
 8 the Secretary shall establish a program for making ad-
 9 vance payments of the credit allowed under section 36C
 10 on a monthly basis to any taxpayer who—

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

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

14 “(b) AMOUNT OF ADVANCE PAYMENT.—

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

19 “(A) an amount equal to—

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

25 “(ii) 12, or

1 “(B) such other amount as is elected by
2 the taxpayer.

3 “(2) APPLICABLE PERIOD.—For purposes of
4 this section, the term ‘applicable period’ means the
5 12-month period from the month of July of the tax-
6 able year through the month of June of the subse-
7 quent taxable year.

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

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

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

22 (c) CLERICAL AMENDMENTS.—

23 (1) IN GENERAL.—The table of sections for
24 subpart C of part IV of subchapter A of chapter 1
25 of the Internal Revenue Code of 1986 is amended by

1 inserting after the item relating to section 36B the
2 following new item:

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

3 (2) ADVANCE PAYMENT.—The table of sections
4 for chapter 77 of such Code is amended by inserting
5 after the item relating to section 7527 the following
6 new item:

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

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2022.

○