



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB5082

Introduced 1/27/2022, by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

35 ILCS 5/232 new

Amends the Illinois Income Tax Act. Creates an income tax credit for individual taxpayers who rent a dwelling in Illinois for use as their principal place of residence. Provides that the credit shall be equal to 5% of the documented rental costs paid by such taxpayer during the taxable year on the principal place of residence of the taxpayer. Effective immediately.

LRB102 25338 HLH 34615 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by
5 adding Section 232 as follows:

6 (35 ILCS 5/232 new)

7 Sec. 232. Tax credit for residential rental payments.

8 (a) Beginning with tax years ending on or after December
9 31, 2022, every individual taxpayer who rents a dwelling in
10 Illinois for use as the individual's principal place of
11 residence shall be entitled to a tax credit equal to 5% of the
12 documented rental costs paid by the taxpayer during the
13 taxable year on the principal place of residence of the
14 taxpayer.

15 (b) To qualify for the credit under this Section, the
16 taxpayer must meet the following requirements for the tax year
17 in which the taxpayer is claiming the credit provided by this
18 Section:

19 (1) the taxpayer must have resided in Illinois for at
20 least 183 days;

21 (2) the taxpayer's federal adjusted gross income must
22 not exceed 200% of the federal poverty level, as updated
23 periodically in the Federal Register by the United States

1 Department of Health and Human Services;

2 (3) the total rental payments on the taxpayer's
3 principal place of residence during the taxable year must
4 not exceed 30% of the taxpayer's federal adjusted gross
5 income; and

6 (4) the taxpayer must not be claimed as a dependent on
7 someone else's tax return.

8 (c) The credit provided by this Section does not apply to
9 an individual who rents a dwelling that is exempt from
10 Illinois property taxes.

11 (d) The Department may establish by rule:

12 (1) a maximum dollar amount of the credit, which may
13 vary by regions of the State, based on fair market rents
14 determined by the U.S. Department of Housing and Urban
15 Development for purposes of the housing choice voucher
16 program;

17 (2) the requirements by which the taxpayer shall
18 document rental payments; and

19 (3) any schedules for forms necessary to meet the
20 requirements of this Section.

21 (e) In no event shall a credit under this Section reduce
22 the taxpayer's liability to less than zero. If the amount of
23 the credit exceeds the income tax liability for the applicable
24 tax year, then the excess credit shall be refunded to the
25 taxpayer.

26 (f) This Section is exempt from the provisions of Section

1 250.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.