



## Summary Analysis of Amended Bill

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Sponsor:

Bill Number: SB 1182

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Amended: August 6, 2018

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Related Bills: See Legislative  
History

**Subject:** Renter's Credit/Increase Credit Beginning On or After January 1, 2018

### Summary

This bill would, subject to appropriation in the annual Budget Bill, and unless suspended by the Governor, increase the amount of the Renter's Credit under the Personal Income Tax Law.

**Recommendation – No position.**

### Summary of Amendments

The August 6, 2018, amendments specify the Renter's Credit amounts allowed for tax years that the increased credit amounts fail to be triggered.

Except for the "Effective/Operative Date" and "This Bill" sections, the remainder of the department's analysis of the bill as amended May 25, 2018, still applies. The "Technical Considerations," "Fiscal Impact," and "Economic Impact" sections are restated for convenience.

### Effective/Operative Date

As a tax levy, this bill would be effective immediately upon enactment and, specifically operative for each taxable year beginning on or after January 1, 2018.

### This Bill

This bill would, for taxable years beginning on or after January 1, 2018, contingent upon an annual appropriation in a bill related to the Budget Bill (annual appropriation), increase the allowable Renter's Credit as described below unless suspended by Governor's Proclamation. Absent an annual appropriation, the Renter's Credit amount for the year would be \$60 if filing single or married filing separately, and \$120 for all other filing statuses.

For qualified renters with no dependents, the increased Renter's Credit, if triggered as specified, would be:

- For spouses filing joint returns, heads of household, and surviving spouses with adjusted gross income of \$50,000 or less, as adjusted for inflation would be increased:
  - For taxable years beginning on or after January 1, 2018, but before January 1, 2019, from \$120 to \$137.20.
  - For taxable years beginning on or after January 1, 2019, but before January 1, 2020, from \$137.20 to \$157.14.
  - For taxable years beginning on or after January 1, 2020, but before January 1, 2021, from \$157.14 to \$177.49.
  - For taxable years beginning on or after January 1, 2021, but before January 1, 2022, from \$177.49 to \$198.24.
  - For taxable years beginning on or after January 1, 2022, but before January 1, 2023, from \$198.24 to \$219.40.
  - For taxable years beginning on or after January 1, 2023, the credit amount would be indexed for inflation and rounded to the nearest dollar.
- For other individual taxpayers with adjusted gross income of \$25,000 or less, as adjusted for inflation, the amount of the credit would be increased:
  - For taxable years beginning on or after January 1, 2018, but before January 1, 2019, from \$60 to \$89.20.
  - For taxable years beginning on or after January 1, 2019, but before January 1, 2020, from \$89.20 to \$120.18.
  - For taxable years beginning on or after January 1, 2020, but before January 1, 2021, from \$120.18 to \$151.79.
  - For taxable years beginning on or after January 1, 2021, but before January 1, 2022, from \$151.79 to \$184.02.
  - For taxable years beginning on or after January 1, 2022, but before January 1, 2023, from \$184.02 to \$216.90.
  - For taxable years beginning on or after January 1, 2023, the credit amount would be indexed for inflation and rounded to the nearest dollar.

For qualified renters with dependents, the increased Renter's Credit if triggered would be:

- For spouses filing joint returns, heads of household, and surviving spouses with adjusted gross income of \$50,000 or less, as adjusted for inflation, and other individual taxpayers, with adjusted gross income of \$25,000 or less, as adjusted for inflation the amount of the credit would be increased:
  - For taxable years beginning on or after January 1, 2018, but before January 1, 2019, the Renter's Credit amount is \$178.40.
  - For taxable years beginning on or after January 1, 2019, but before January 1, 2020, the Renter's Credit amount is \$240.37.

- For taxable years beginning on or after January 1, 2020, but before January 1, 2021, the Renter's Credit amount is \$303.58.
- For taxable years beginning on or after January 1, 2021, but before January 1, 2022, the Renter's Credit amount is \$368.05.
- For taxable years beginning on or after January 1, 2022, but before January 1, 2023, the Renter's Credit amount is \$433.81.
- For taxable years beginning on or after January 1, 2023, the credit amount would be indexed for inflation and rounded to the nearest dollar.

If triggered by an appropriation related to a Budget Bill, the increased Renter's Credit could be suspended by a Governor's proclamation that an economic emergency exists in the State that requires the Renter's Credit to be reduced, the proclamation will:

- Specify the taxable year to which the suspension applies,
- Expire on the first day after the end of the taxable year to which the proclamation applies, and
- Allow additional proclamations to be issued.

During a suspension period, the credit amounts specified in a bill providing for appropriations related to the Budget Bill would be the credit amounts for the taxable year immediately preceding the taxable year of the suspension.

Upon expiration of a proclamation suspending the increased Renter's Credit the credit amounts specified in a bill providing for appropriations related to the Budget Bill would be determined as if there had been no suspension.

Indexing for inflation would be inapplicable for taxable years that the credit is suspended or the credit amounts are set at zero dollars in a bill providing for appropriations related to the Budget Bill.

### **Technical Considerations**

The phrase in paragraph (2) of subdivision (n) "including any recomputation required under subdivision (k)" inclusive of the comma is unnecessary and should be deleted.

### **Fiscal Impact**

This bill would not significantly impact the department's costs.

## Economic Impact

### Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of SB 1182 as Amended August 6, 2018  
Assumed Enactment after June 30, 2018

(\$ in Millions)

Fiscal Year	*Revenue
2018-2019	- \$44
2019-2020	- \$60
2020-2021	- \$75
2021-2022	- \$90
2022-2023	- \$110

\*This estimate assumes the governor has not declared an economic emergency. The governor may suspend the increase in the credit in the event of an economic emergency in the state.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

### Revenue Discussion

Assuming that the increased amounts are annually appropriated for the Renter's Credit, and based on department Renter's Credit data and the Franchise Tax Board's Personal Income Tax micro-simulation model, the amount of the Renter's Credit for taxpayers currently claiming the credit was recalculated using the proposed credit amounts by filing status and number of dependents, and then reduced by the amount taxpayers may claim under current law. The amount of additional credit each taxpayer could use would be limited by their current tax liability. As a result, the revenue loss from the increase in the available Renter's Credit is estimated to be \$43 million in 2015. The estimate is then adjusted to reflect changes in the economy over time, resulting in an estimated revenue loss of \$44 million in taxable year 2018.

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