

SB2624



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2624

Introduced 10/24/2023, by Sen. Natalie Toro

SYNOPSIS AS INTRODUCED:

35 ILCS 5/241 new

Amends the Illinois Income Tax Act. Creates an income tax credit for certain qualified 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 that dwelling. Effective immediately.

LRB103 34527 HLH 64770 b

A BILL FOR

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 241 as follows:

6 (35 ILCS 5/241 new)

7 Sec. 241. Tax credit for residential rental payments.

8 (a) For tax years ending on or after December 31, 2024,
9 every individual taxpayer who rents a dwelling in Illinois for
10 use as the individual's principal place of residence shall be
11 entitled to a credit against the taxes imposed under
12 subsections (a) and (b) of Section 201 in an amount equal to 5%
13 of the documented rental costs paid by the taxpayer during the
14 taxable year on that dwelling.

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 300% of the poverty guidelines updated
23 periodically in the Federal Register by the United States

1 Department of Health and Human Services under the
2 authority of 42 U.S.C. 9902(2);

3 (3) the total rental payments on the taxpayer's
4 principal place of residence during the taxable year must
5 exceed 20% of the taxpayer's federal adjusted gross
6 income; and

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

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

12 (d) The Department may establish by rule:

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

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

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

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

1 (f) This Section is exempt from the provisions of Section
2 250.

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