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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Rent Relief Act of 2018”.

SEC. 2. REFUNDABLE CREDIT FOR RENT PAID FOR PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of
1986 is amended by inserting after section 36B the following new section:

"SEC. 36C. RENT PAID FOR PRINCIPAL RESIDENCE.

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

"(b) Credit Limited by 150 Percent of Fair Market Rent.—Solely for purposes of determining the amount of the credit allowed under subsection (a) with respect to a residence for the taxable year, there shall not be taken into account rent in excess of an amount equal to 150 percent of the fair market rent (including the utility allowance) applicable to the residence involved (as most recently published, as of the beginning of the taxable year, by the Department of Housing and Urban Development).

"(c) Definitions and Special Rules.—For purposes of this section—

"(1) Applicable Percentage.—

"(A) In General.—Except as provided in subparagraph (B), the applicable percentage
shall be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>If gross income is:</th>
<th>The applicable percentage is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $25,000</td>
<td>100 percent</td>
</tr>
<tr>
<td>Over $25,000, but not over $50,000</td>
<td>75 percent</td>
</tr>
<tr>
<td>Over $50,000, but not over $75,000</td>
<td>50 percent</td>
</tr>
<tr>
<td>Over $75,000, but not over $100,000</td>
<td>25 percent</td>
</tr>
<tr>
<td>Over $100,000</td>
<td>0 percent</td>
</tr>
</tbody>
</table>

“(B) HIGH-COST AREAS.—In the case of an individual whose principal residence is located in an area for which, under the rule published in the Federal Register on November 16, 2016 (81 Fed. Reg. 80567), the small area fair market rent is used for purposes of the Housing Choice Voucher Program, the table contained in subparagraph (A) shall be applied by substituting ‘$125,000’ for ‘$100,000’ each place it appears.

“(2) PARTIAL YEAR RESIDENCE.—The Secretary shall prescribe such rules as are necessary to carry out the purposes of this section for taxpayers with respect to whom a residence is a principal residence for only a portion of the taxable year.

“(3) SPECIAL RULE FOR INDIVIDUALS RESIDING IN GOVERNMENT-SUBSIDIZED HOUSING.—In the case of a principal residence—
“(A) the rent with respect to which is subsidized under a Federal, State, local, or tribal program, and

“(B) with respect to which the taxpayer elects the application of this paragraph, in lieu of the credit determined under subsection (a), there shall be allowed as a credit against the tax imposed by this subtitle for such taxable year an amount equal to \( \frac{1}{12} \) of the amount of rent paid by the taxpayer (and not subsidized under any such program) during the taxable year with respect to such residence.

“(4) RENT.—The term ‘rent’ includes any amount paid for utilities of a type taken into account for purposes of determining the utility allowance under section 42(g)(2)(B)(ii).”.

(b) CLERICAL AMENDMENT.—The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 36B the following new item:

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 2017.