



REPORT TO CITY COUNCIL

Approved by:

Arnaldo Rodriguez, City Manager

Council Meeting of: February 2, 2022

Agenda Number: B-6

SUBJECT:

Letter of Support for Senate Bill 843, Renter's Tax Credit

RECOMMENDATION:

Approve Minute Order Approving a Letter of Support for Senate Bill 843, Renter's Tax Credit

SUMMARY:

On January 11, 2021, California State Senator Steven Glazer introduced Senate Bill 843 (SB 843) designed to increase the amount of the current state renter's credit for joint and single tax filers. The passage of this bill would represent the first renters tax credit increase since 1979.

The California State Legislature (Legislature) may act upon the bill on or after February 11, 2022, allowing the City time to express support to State Senator Anna Caballero (D-12).

DISCUSSION:

California passed its first renters tax credit in 1972 and shortly increased the amount in 1979 but has ceased to increase the amount since. The current tax credit for joint filers earning \$87,066 or less is capped at \$120, and \$60 for single filers earning \$43,533 or less. Senate Bill 843 seeks to increase the tax credit to \$1,000 and \$500, respectively.

Affordable housing is an issue California renters continue to grapple with and has only been exacerbated by the COVID-19 Pandemic. To help renters, the Legislature passed temporary relief through the Golden State Stimulus and the eviction moratorium; however, the affordable housing crisis for renters continues to persist. SB 843 is one of the many first steps in providing permanent relief to income eligible California renters.

FINANCIAL IMPACT:

With the successful passage or failure of Senate Bill 843, the City will not be financially impacted. It is estimated that a couple of million state residents may benefit; however, it is difficult to accurately project how many local residents may benefit. Regardless, many residents of the City rent, thus they may be eligible to receive greater tax relief in comparison to the existing criteria.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

The information contained herein is not addressed by the Vision Madera 2025 plan, nor is the information in conflict with that plan.

ALTERNATIVES:

Council may elect to reject submittal of support letter.

ATTACHMENTS:

1. Support Letter for Senate Bill 843, Renter's Tax Credit



February 2, 2022

The Honorable Senator Anna Caballero
State Capitol, Suite 7620
Sacramento, CA 95814

RE: Senate Bill 843 (Glazer) Letter of Support

Dear Senator Caballero,

I write to you on behalf of the City of Madera to express our support of Senate Bill 843 (Glazer). This bill would provide financial relief and economic justice to 2.4 million low to middle-income Californians by expanding and reforming the renter's tax credit.

SB 843 increases the renter's tax credit to \$1,000 for all those that are income eligible. This credit lowers the financial burden of renting to a more sustainable level and is the first step in telling Californian renters that they are a valued part of our community and our recovery.

The COVID-19 pandemic continues to exacerbate the pressure on California's renters. While the Legislature passed temporary relief through the Golden State Stimulus and the eviction moratorium, the affordable housing crisis for renters existed before the pandemic and will exist after if we do not take steps to provide permanent relief.

This bill would help Madera in a meaningful way by increasing the renter's tax credit to address the reality of the housing affordability crisis throughout our state and providing relief to struggling California families. For these reasons, the City of Madera supports SB 843 (Glazer).

Sincerely,

Arnoldo Rodriguez
City of Madera, City Manager