

103^D CONGRESS
1ST SESSION

H. R. 1157

To amend the Internal Revenue Code of 1986 to provide that the adjusted gross income of an individual shall be adjusted to reflect the value of such income relative to the cost-of-living in the area in which such individual resides.

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1993

Mr. LEVY introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that the adjusted gross income of an individual shall be adjusted to reflect the value of such income relative to the cost-of-living in the area in which such individual resides.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. ADJUSTED GROSS INCOME ADJUSTED TO RE-**
2 **FLECT ITS VALUE RELATIVE TO COST-OF-LIV-**
3 **ING FOR THE AREA IN WHICH THE INDIVID-**
4 **UAL RESIDES.**

5 (a) IN GENERAL.—Subsection (a) of section 62 of the
6 Internal Revenue Code of 1986 (defining adjusted gross
7 income) is amended by striking “gross income minus the
8 following deductions” and inserting “the product of the
9 excess of gross income over the following deductions and
10 the area cost-of-living multiplier (as defined in subsection
11 (d)) applicable to the taxpayer”.

12 (b) COST-OF-LIVING MULTIPLIER.—Section 62 of
13 such Code is amended by adding at the end thereof the
14 following new subsection:

15 “(d) AREA COST-OF-LIVING MULTIPLIER.—

16 “(1) IN GENERAL.—The area cost-of-living mul-
17 tiplier applicable to any individual for any taxable
18 year is the cost-of-living multiplier prescribed by the
19 Secretary for the calendar year in which such tax-
20 able year begins which applies to the area which in-
21 cludes the taxpayer’s primary place of abode during
22 such taxable year.

23 “(2) DETERMINATION OF MULTIPLIERS.—

24 “(A) IN GENERAL.—Not later than De-
25 cember 15 of each calendar year, the Secretary
26 shall prescribe a cost-of-living multiplier for

1 each area of the United States which shall
2 apply to taxable years beginning during the suc-
3 ceeding calendar year.

4 “(B) METHOD OF DETERMINING MULTI-
5 PLIERS.—The Secretary shall determine the
6 cost-of-living multiplier for any area for any
7 calendar year by dividing—

8 “(i) the average cost-of-living for the
9 United States for the preceding calendar
10 year, by

11 “(ii) the cost-of-living for such area
12 for such preceding calendar year.

13 “(C) COST-OF-LIVING FOR AREA.—The
14 Secretary shall determine the cost-of-living for
15 an area for a calendar year using an average of
16 retail market prices for such area for the 12-
17 month period ending on August 31 of such cal-
18 endar year. The retail market prices taken into
19 account under the preceding sentence shall be
20 selected and used under the same methodology
21 as is used by the Bureau of Labor Statistics in
22 developing the Consumer Price Index for All
23 Urban Consumers.

1 “(3) AREAS OUTSIDE THE UNITED STATES.—

2 The area cost-of-living multiplier for any area out-
3 side the United States shall be 1.”

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 _____.

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