

103^D CONGRESS
1ST SESSION

H. R. 1937

To amend the Internal Revenue Code of 1986 to provide for adjustments in the individual income tax rates to reflect regional differences in the cost-of-living.

IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 1993

Mr. NADLER (for himself, Mrs. MALONEY, and 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 for adjustments in the individual income tax rates to reflect regional differences in the cost-of-living.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Equity Act of
5 1993”.

6 **SEC. 2. REGIONAL COST-OF-LIVING ADJUSTMENTS IN INDI-**
7 **VIDUAL INCOME TAX RATES.**

8 (a) GENERAL RULE.—Subsection (f) of section 1 of
9 the Internal Revenue Code of 1986 (relating to adjust-

1 ments in tax tables so that inflation will not result in tax
2 increases) is amended by adding at the end thereof the
3 following new paragraphs:

4 “(6) REGIONAL COST-OF-LIVING ADJUST-
5 MENTS.—

6 “(A) IN GENERAL.—In the case of an indi-
7 vidual, the rate table otherwise in effect under
8 this section for any taxable year (determined
9 after the application of paragraph (1)) shall be
10 further adjusted as provided in subparagraph
11 (B).

12 “(B) METHOD OF MAKING REGIONAL AD-
13 JUSTMENT.—The rate table otherwise in effect
14 under this section with respect to any individual
15 for any taxable year shall be adjusted as fol-
16 lows:

17 “(i) The minimum and maximum dol-
18 lar amounts otherwise in effect for each
19 rate bracket shall be multiplied by the
20 cost-of-living multiplier (for the calendar
21 year in which the taxable year begins)
22 which applies to the area in which the indi-
23 vidual’s primary place of abode during the
24 taxable year is located.

1 “(ii) The rate applicable to any rate
2 bracket (as adjusted by clause (i)) shall
3 not be changed.

4 “(iii) The amount setting forth the
5 tax shall be adjusted to the extent nec-
6 essary to reflect the adjustments in the
7 rate brackets.

8 If any amount determined under clause (i) is
9 not a multiple of \$50, such amount shall be
10 rounded to the nearest multiple of \$50.

11 “(7) DETERMINATION OF MULTIPLIERS.—

12 “(A) IN GENERAL.—Not later than De-
13 cember 15 of each calendar year, the Secretary
14 shall prescribe a cost-of-living multiplier for
15 each area (as defined by the Secretary) of the
16 United States which shall apply to taxable years
17 beginning during the succeeding calendar year.

18 “(B) METHOD OF DETERMINING MULTI-
19 PLIERS.—The cost-of-living multiplier for any
20 area for any calendar year is a fraction—

21 “(i) the numerator of which is the
22 cost-of-living for such area for the preced-
23 ing calendar year; and

1 “(ii) the denominator of which is the
2 average cost-of-living for the United States
3 for the preceding calendar year.

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

15 “(8) AREAS OUTSIDE THE UNITED STATES.—
16 The area cost-of-living multiplier for any area out-
17 side the United States shall be 1.”

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendment made by
20 this section shall apply to taxable years beginning
21 after December 31, 1992.

22 (2) TRANSITION RULE.—Notwithstanding sec-
23 tion 1(f)(7)(A) of the Internal Revenue Code (as
24 added by this section), the date for prescribing cost-
25 of-living multipliers for taxable years beginning in

1 calendar year 1993 shall be the date 90 days after
2 the date of the enactment of this Act.

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