

111TH CONGRESS
2D SESSION

H. R. 6345

To amend the Internal Revenue Code of 1986 to adjust personal exemptions for high cost-of-living areas.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2010

Mr. ISRAEL (for himself and Mr. ANDREWS) 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 adjust personal exemptions for high cost-of-living areas.

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 “The Personal Exemp-
5 tion Fairness Act of 2010”.

6 **SEC. 2. REGIONAL COST-OF-LIVING ADJUSTMENTS IN PER-**
7 **SONAL EXEMPTIONS.**

8 (a) IN GENERAL.—Subsection (d) of section 151 of
9 the Internal Revenue Code of 1986 is amended by adding
10 at the end the following new paragraph:

1 “(5) AREA COST-OF-LIVING ADJUSTMENT.—

2 “(A) IN GENERAL.—Each of the dollar
3 amounts otherwise in effect under paragraphs
4 (1) and (3)(C) for any taxable year beginning
5 after 2010 shall be multiplied by the applicable
6 multiplier for the taxable year which applies to
7 the statistical area in which the taxpayer’s pri-
8 mary place of abode during the taxable year is
9 located.

10 “(B) APPLICABLE MULTIPLIERS.—For
11 purposes of this paragraph—

12 “(i) IN GENERAL.—Not later than
13 December 15 of each calendar year, the
14 Secretary shall prescribe an applicable
15 multiplier for each statistical area of the
16 United States which shall apply to taxable
17 years beginning during the succeeding cal-
18 endar year.

19 “(ii) DETERMINATION OF MULTI-
20 PLIERS.—

21 “(I) In the case of a statistical
22 area where the cost-of-living differen-
23 tial for the calendar year does not ex-
24 ceed 125 percent, the applicable mul-
25 tiplier is 1.

1 “(II) In the case of a statistical
2 area not described in subclause (I),
3 the applicable multiplier is the cost-of-
4 living differential for the calendar
5 year.

6 “(iii) COST OF LIVING DIFFEREN-
7 TIAL.—The cost-of-living differential for
8 any statistical area for any calendar year
9 is the percentage determined by dividing—

10 “(I) the cost-of-living for such
11 area for the preceding calendar year,
12 by

13 “(II) the average cost-of-living
14 for the United States for the pre-
15 ceding calendar year.

16 “(iv) COST-OF-LIVING FOR AREA.—

17 “(I) IN GENERAL.—For each cal-
18 endar year beginning after 2009, the
19 Secretary of Labor shall determine
20 and publish a cost-of-living index for
21 each statistical area.

22 “(II) METHODOLOGY.—The cost-
23 of-living index determined under sub-
24 clause (I) for any statistical area for
25 any calendar year shall be based on

1 average market prices for the area for
2 the 12-month period ending on Au-
3 gust 31 of such calendar year. The
4 market prices taken into account
5 under the preceding sentence shall be
6 selected and used under the same
7 methodology as is used by the Sec-
8 retary of Labor in developing the Con-
9 sumer Price Index for All Urban Con-
10 sumers.

11 “(v) STATISTICAL AREA.—For pur-
12 poses of this subsection the term ‘statis-
13 tical area’ means—

14 “(I) any metropolitan statistical
15 area as defined by the Secretary of
16 Commerce, and

17 “(II) the portion of any State not
18 within a metropolitan statistical area
19 as so defined.”.

20 (b) EFFECTIVE DATE.—

21 (1) IN GENERAL.—The amendments made by
22 this section shall apply to taxable years beginning
23 after December 31, 2010.

24 (2) TRANSITION RULE.—Notwithstanding sec-
25 tion 151(d)(5)(B) of the Internal Revenue Code (as

1 added by this section), the date for prescribing ap-
2 plicable multipliers for taxable years beginning in
3 calendar year 2011 shall be the date 1 year after the
4 date of the enactment of this Act.

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