

116TH CONGRESS
1ST SESSION

H. R. 2272

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 10, 2019

Mr. NADLER (for himself, Mrs. LOWEY, and Mr. SUOZZI) 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 2019”.

1 **SEC. 2. REGIONAL COST-OF-LIVING ADJUSTMENTS IN INDIVIDUAL INCOME TAX RATES.**
2

3 (a) GENERAL RULE.—Subsection (f) of section 1 of
4 the Internal Revenue Code of 1986 is amended by adding
5 at the end thereof the following new paragraphs:

6 “(9) REGIONAL COST-OF-LIVING ADJUST-
7 MENTS.—

8 “(A) IN GENERAL.—In the case of an indi-
9 vidual, for taxable years beginning after 2019
10 the rate table otherwise in effect under this sec-
11 tion for any taxable year (determined after the
12 application of paragraph (1)) shall be further
13 adjusted as provided in subparagraph (B).

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

19 “(i) The minimum and maximum dol-
20 lar amounts otherwise in effect for each
21 rate bracket shall be multiplied by the ap-
22 plicable multiplier (for the calendar year in
23 which the taxable year begins) which ap-
24 plies to the statistical area in which the in-
25 dividual’s primary place of abode during
26 the 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 “(10) DETERMINATION OF MULTIPLIERS.—

12 “(A) IN GENERAL.—Not later than De-
13 cember 15 of each calendar year, the Secretary
14 shall prescribe an applicable multiplier for each
15 statistical area of the United States which shall
16 apply to taxable years beginning during the suc-
17 ceeding calendar year.

18 “(B) DETERMINATION OF MULTIPLIERS.—

19 “(i) For each statistical area where
20 the cost-of-living differential for any cal-
21 endar year is greater than 125 percent, the
22 applicable multiplier for such calendar year
23 is 90 percent of such differential.

24 “(ii) For each statistical area where
25 the cost-of-living differential for any cal-

1 endar year exceeds 97 percent but does not
2 exceed 125 percent, the applicable multi-
3 plier for such calendar year is 1.05.

4 “(iii) For each statistical area not de-
5 scribed in clause (i) or (ii), the applicable
6 multiplier is the cost-of-living differential
7 for the calendar year.

8 “(C) COST-OF-LIVING DIFFERENTIAL.—
9 The cost-of-living differential for any statistical
10 area for any calendar year is the percentage de-
11 termined by dividing—

12 “(i) the cost-of-living for such area for
13 the preceding calendar year; by

14 “(ii) the average cost-of-living for the
15 United States for the preceding calendar
16 year.

17 “(D) COST-OF-LIVING FOR AREA.—

18 “(i) IN GENERAL.—For calendar year
19 2019 and each calendar year thereafter,
20 the Secretary of Labor shall determine and
21 publish a cost-of-living index for each sta-
22 tistical area.

23 “(ii) METHODOLOGY.—The cost-of-liv-
24 ing index determined under clause (i) for
25 any statistical area for any calendar year

1 shall be based on average market prices for
2 the area for the 12-month period ending
3 on August 31 of such calendar year. The
4 market prices taken into account under the
5 preceding sentence shall be selected and
6 used under the same methodology as is
7 used by the Secretary of Labor in devel-
8 oping the Consumer Price Index for All
9 Urban Consumers.

10 “(E) STATISTICAL AREA.—For purposes of
11 this subsection the term ‘statistical area’
12 means—

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

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

19 “(11) AREAS OUTSIDE THE UNITED STATES.—

20 The area applicable multiplier for any area outside
21 the United States shall be 1.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to taxable years beginning after
24 December 31, 2019.

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