

SEC. 11002. INFLATION ADJUSTMENTS BASED ON CHAINED CPI.

(a) IN GENERAL.—Subsection (f) of section 1 is amended by striking paragraph (3) and by inserting after paragraph (2) the following new paragraph:

“(3) COST-OF-LIVING ADJUSTMENT.—For purposes of this subsection—

“(A) IN GENERAL.—The cost-of-living adjustment for any calendar year is the percentage (if any) by which—“(i) the C-CPI-U for the preceding calendar year, exceeds

“(ii) the CPI for calendar year 2016, multiplied by the amount determined under subparagraph (B). “(B) AMOUNT DETERMINED.—The amount determined under this clause is the amount obtained by dividing—“(i) the C-CPI-U for calendar year 2016, by “(ii) the CPI for calendar year 2016.

“(C) SPECIAL RULE FOR ADJUSTMENTS WITH A BASE YEAR AFTER 2016.—For purposes of any provision of this title which provides for the substitution of a year after 2016 for ‘2016’ in subparagraph (A)(ii), subparagraph (A) shall be applied by substituting ‘the C-CPI-U for calendar year 2016’ for ‘the CPI for calendar year 2016’ and all that follows in clause (ii) thereof.”.

(e)EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.