

Bicycle Commuter Act

Issue

The Bicycle Commuter Act would extend the transportation fringe benefit, currently available to transit users and car drivers, to bicycle commuters. The legislation would provide a tax benefit to employers who offer cash reimbursements to an employee who commutes by bicycle, while helping defray the costs of commuting for the bicyclist. **Congress should amend the tax code to allow this benefit.**

Status

Representatives Earl Blumenauer (D-OR) and Mark Foley (R-FL) introduced H.R. 807 in February 2005. The bill has at least 35 cosponsors. There is no Senate equivalent at the time of writing; in prior years Senators Snowe (R-ME) and Wyden (D-OR) have introduced companion legislation.

Background

Currently, employers may offer a transportation fringe benefit to their employees for certain costs incurred while commuting to work. Employees who take advantage of this benefit may receive a tax-exempt benefit of up to \$200 per month, for drivers participating in qualified parking plans, or \$105 per month for those using transit or vanpooling. The employer may also give cash compensation for these costs – although this is included as taxable income to the employee – or allow the employee to take a tax-free deduction for the purchase of transit tickets.

The Bicycle Commuter Act would simply extend the definition of “transportation” in Section 132 (f) of the 1986 IRS code to include “bicycles.” The program is voluntary. The change would provide a strong incentive to employees to bike to work, contribute to cleaner air, reduced energy consumption and many other benefits. The costs of commuting, such as lights, bike maintenance, raingear, panniers, parking (locker rental) and changing facilities, would be reimbursable under this program.

Census and other data show that half of the working population lives within five miles of their place of work and that more than one quarter of all trips in this country are one mile or less – distances that are very compatible with cycling. Currently, less than one percent of journeys to work are made by bicycle, even though consumer studies repeatedly show that many more people would do so with incentives such as this.

Opposition

The Bicycle Commuter Act would reduce the amount of taxes paid by employers and employees. However, given the relatively small number of bicycle commuters today and the voluntary nature of the program, this modest change would have minimal impact of the Federal Government’s budget. The potential savings in reduced traffic congestion, pollution and road maintenance far outweigh these minimal costs.