



BIKE COMMUTER BENEFIT AND TAX REFORM

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HOW MANY BIKE COMMUTERS?



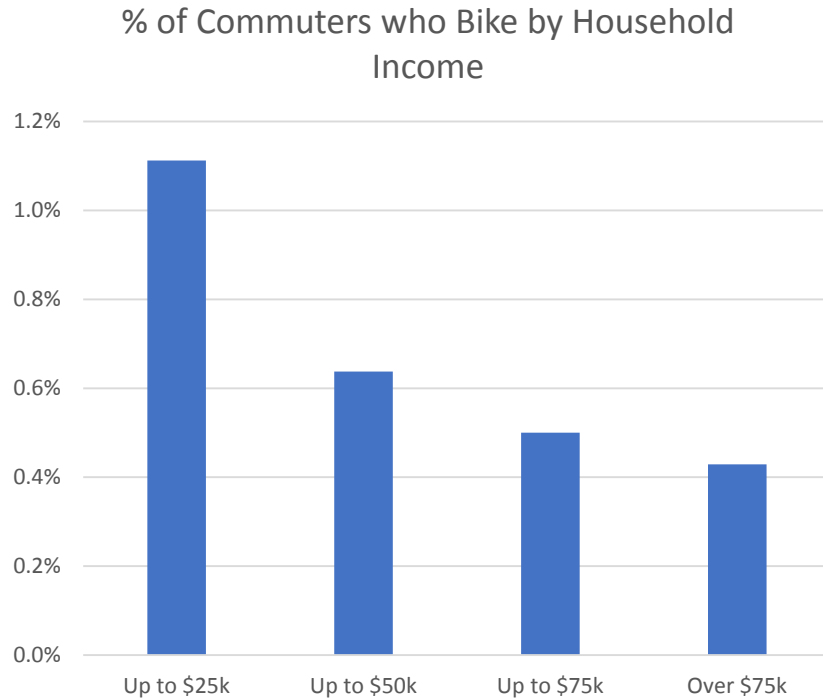
~864,000 ESTIMATED BIKE COMMUTERS

7% OF WORKERS OFFERED SUBSIDIZED COMMUTING

60,480 BIKE COMMUTERS MAY BE OFFERED SUBSIDIZED COMMUTING



WHO ARE BIKE COMMUTERS?



PEOPLE FROM HOUSEHOLDS WITH LOWER INCOMES ARE MORE LIKELY TO BIKE

60% OF BIKE COMMUTERS COME FROM HOUSEHOLDS WITH INCOMES OF LESS THAN \$75,000



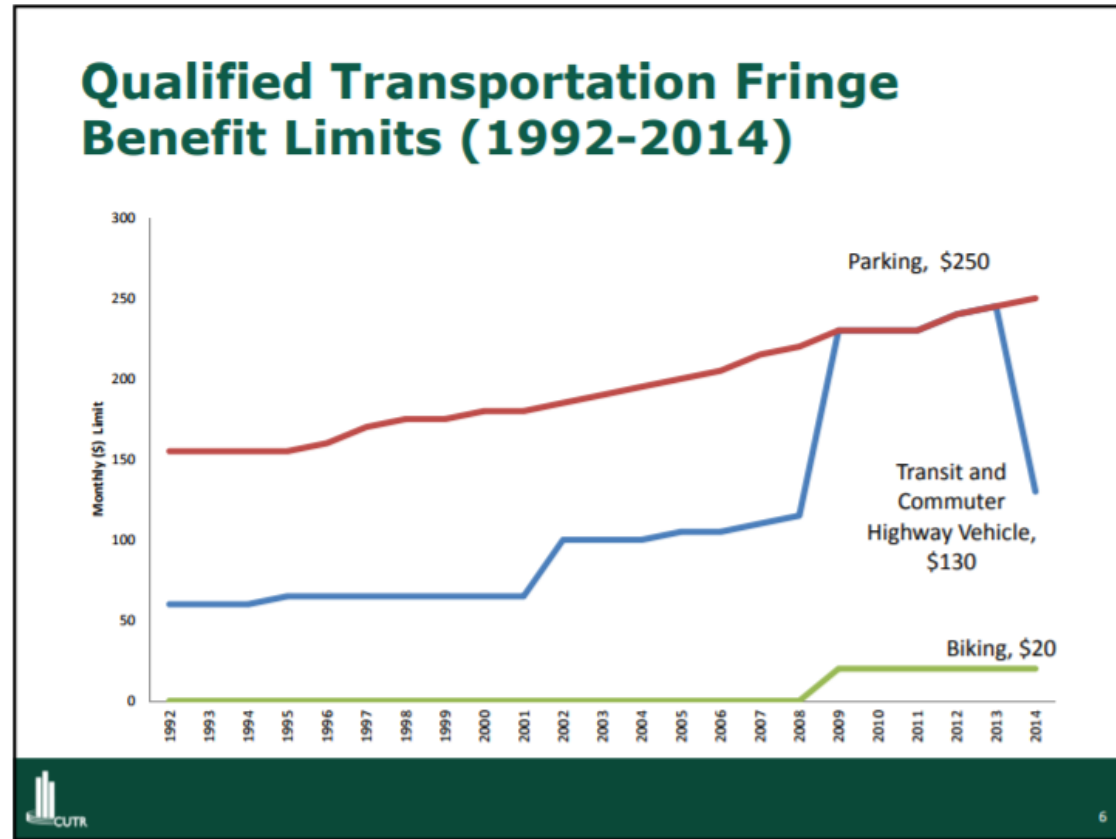
COMMUTER BENEFITS OFFERED

CAR PARKING = \$255 PER MONTH, UP TO \$3,060 PER YEAR*

TRANSIT = \$255 PER MONTH, UP TO \$3,060 PER YEAR*

BIKING = \$20 PER MONTH, UP TO \$240 PER YEAR

*AMOUNT OF BENEFIT CHANGES WITH INFLATION, THIS PRESENTATION USES 2017 AMOUNTS



Not Offered = walking, carpool, telework



WHAT PEOPLE GET FROM COMMUTER BENEFITS

Tax Savings for Employees based on effective tax rate of 25%	Parking & Transit Benefit Cap of \$255 per month	Bike Benefit
Federal Income Tax Savings	\$765	\$60
FICA Savings	\$235	\$18
Average State/City Income Tax Savings	\$130	\$10
Total Annual Tax Savings	\$1,130	\$89

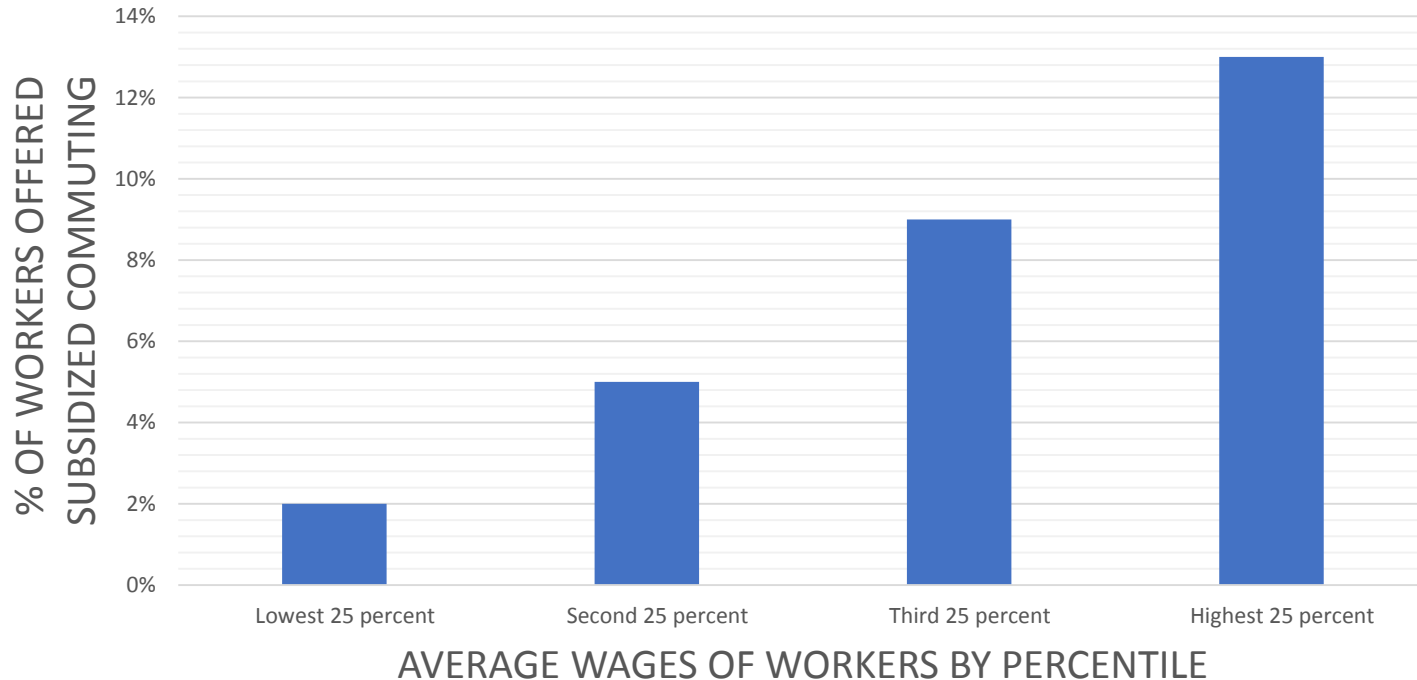
Tax Savings for Employers per employee	Parking & Transit Benefit	Bike Benefit
Social Security	\$190	\$15
Medicare	\$44	\$3
Total Annual Tax Savings	\$234	\$18

**BIKING BENEFIT IS WORTH LESS THAN 8% OF
OTHER COMMUTER BENEFITS**

**ONLY EMPLOYERS CAN CHOOSE TO PUT MONEY
TOWARDS BIKE BENEFIT**



WHO IS OFFERED COMMUTER BENEFITS?

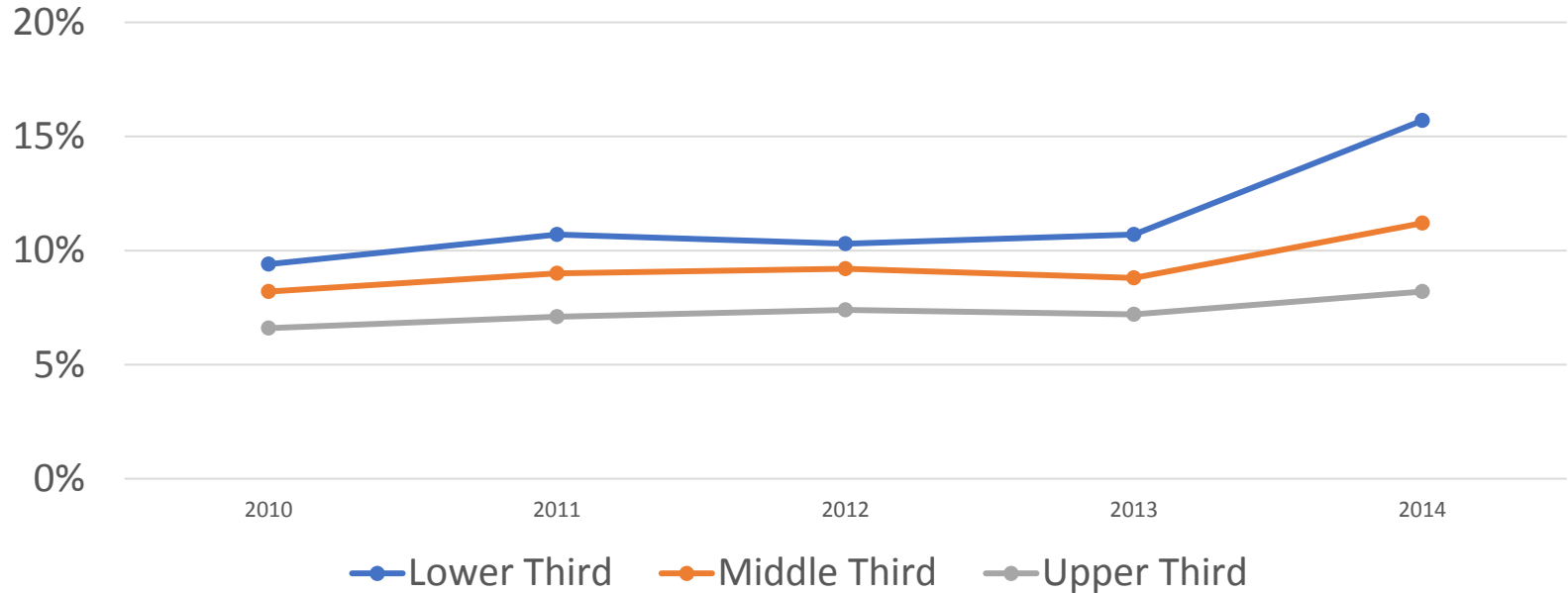


“ONLY 7 PERCENT OF THE AMERICAN WORKFORCE HAS ACCESS TO SUBSIDIZED COMMUTER TRANSIT BENEFITS, AND ONLY 2 PERCENT OF THE US WORKFORCE USES THEM. MOST EMPLOYERS—PARTICULARLY SMALLER FIRMS—DO NOT OFFER EMPLOYER-BASED TRANSIT BENEFITS PROGRAMS.”



WHAT DO PEOPLE SPEND ON TRANSPORTATION?

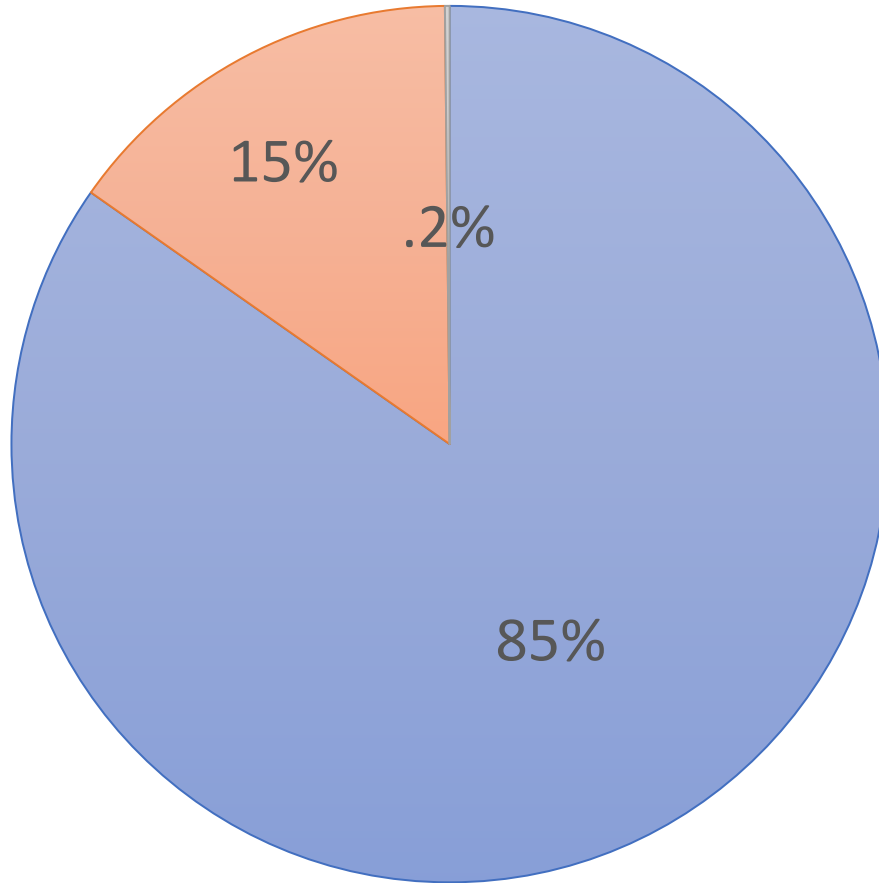
Expenditures on Transportation as a Share of Income by Income Thirds



LOWER-INCOME FAMILIES ROUTINELY SPEND A LARGER SHARE OF THEIR INCOME ON TRANSPORTATION THAN WEALTHIER FAMILIES



ESTIMATED TAX EXPENDITURES



■ Parking ■ Transit ■ Biking

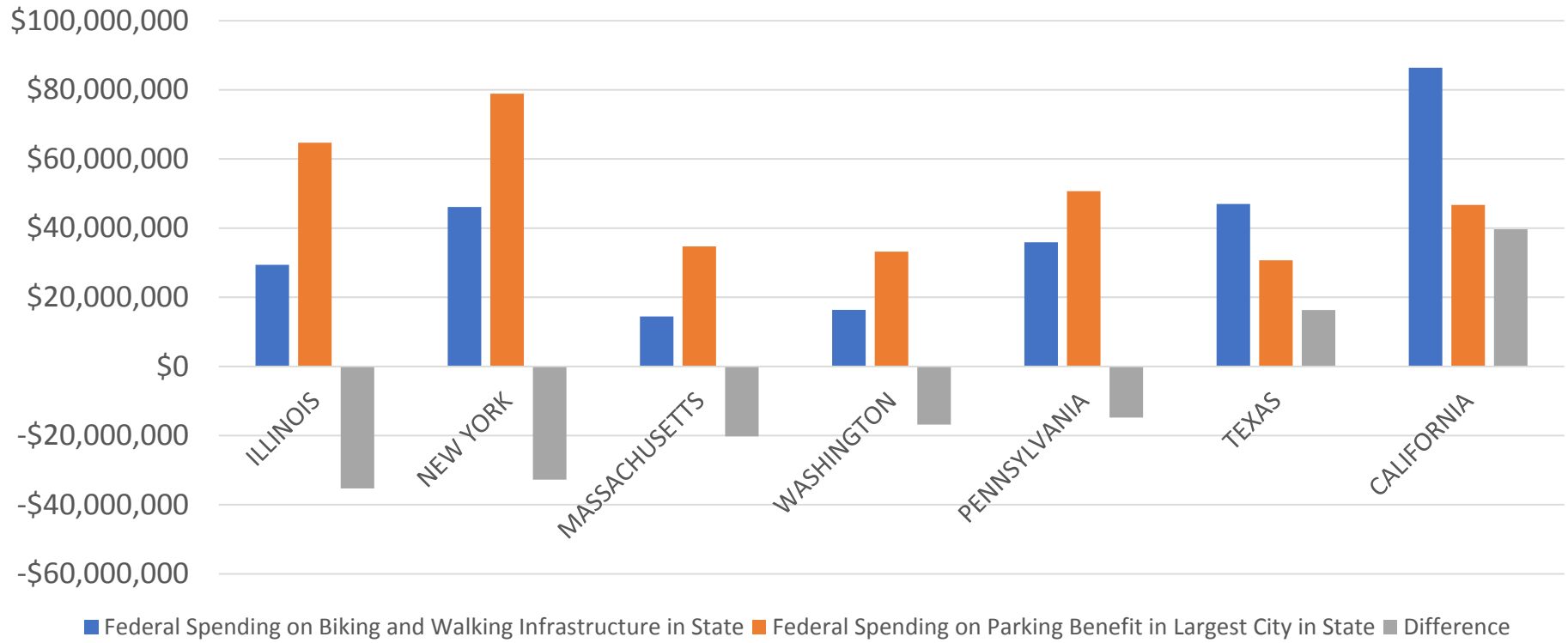
CAR PARKING =
\$7.3 BILLION

TRANSIT = \$1.3
BILLION

BIKING ~ \$5
MILLION (.2%)



SIMILAR AMOUNT IS SPENT SUBSIDIZING PARKING IN LARGEST CITIES AND ON BIKING AND WALKING NATIONWIDE

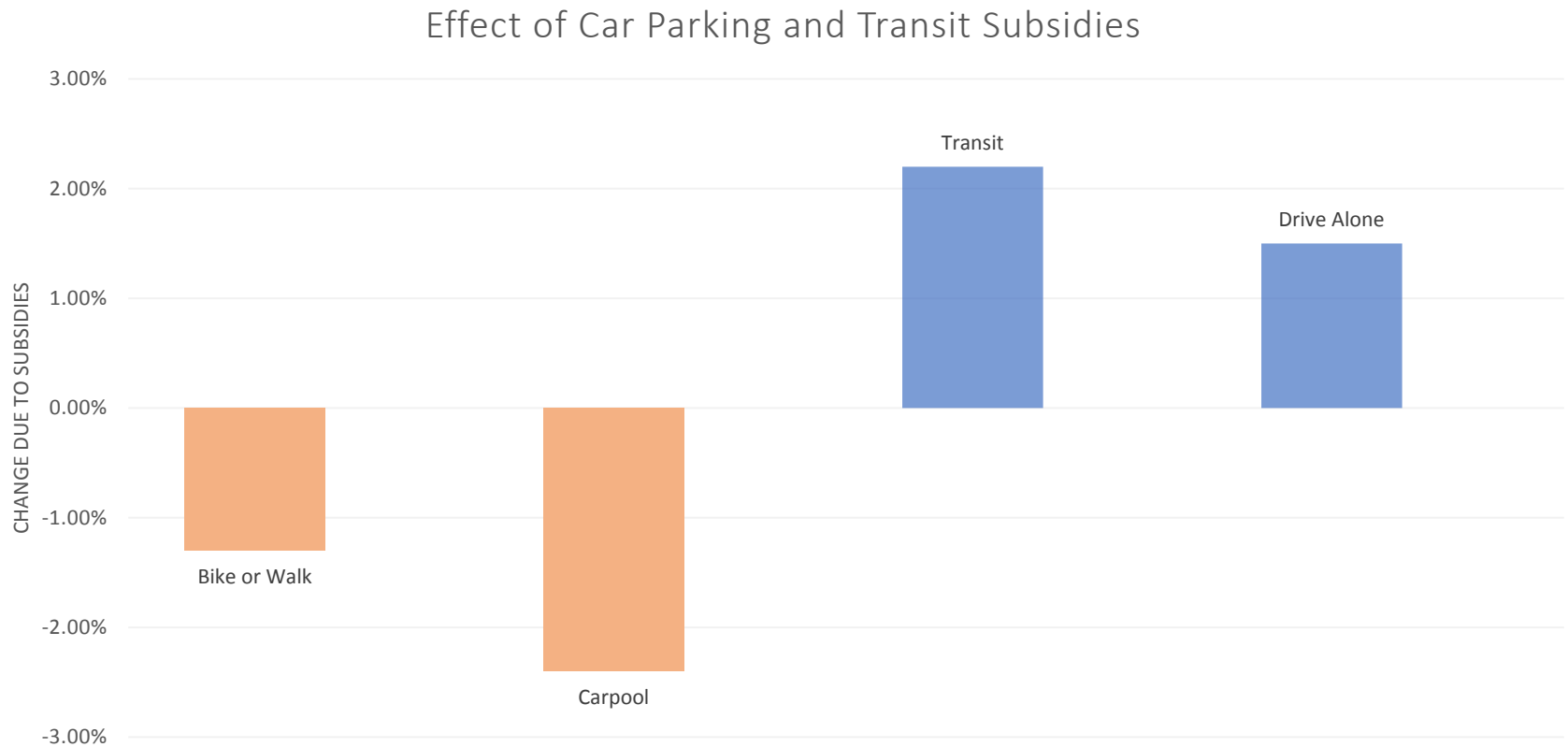


“THE TOTAL COST TO TAXPAYERS OF THE COMMUTER PARKING BENEFIT IN THE 25 BUSINESS DISTRICTS STUDIED WAS MORE THAN \$700 MILLION”

AVERAGE ANNUAL FEDERAL SPENDING ON BIKING AND WALKING INFRASTRUCTURE IS \$759 MILLION PER YEAR



EFFECT OF CURRENT SUBSIDIES



“The parking benefit adds approximately 820,000 automobile commuters to the roads, traveling more than 4.6 billion additional miles per year.”



SUMMARY

Transportation Commuter Benefits primarily benefit higher-income workers

- Even as lower-income households spend a greater percentage of their income on transportation

Current benefits are overwhelmingly used to subsidize parking (85% of all benefits)

- The parking benefit costs the federal government ~ 10 times the amount that the federal government spends on biking and walking infrastructure
- The parking benefit in the 25 largest US cities costs roughly as much as all federal spending on biking and walking infrastructure




Current benefits do not provide incentives for switching to congestion reducing modes

- Current benefits provide bicyclists 8% of the benefits given to other modes
- Many modes are not eligible, including walking, telework, carpool, and rideshare

The effect of current subsidies is to reduce biking, walking, and carpool trips



CURRENT TAX PROPOSALS

	Employee benefit	Total loss of tax revenue	House bill	Senate Bill
Parking Benefit 	Up to \$260/month pre-tax	\$7.3 Billion	Still pre-tax and payroll Employer subsidies not deductible (still lower payroll)	Pre-tax payroll for both employer and employee Employer subsidies deductible
Transit Benefit 	Up to \$260 month pre-tax	\$1.3 Billion	Still pre-tax and payroll Employer subsidies not deductible (still lower payroll)	Pre-tax payroll for both employer and employee Employer subsidies deductible
Bicycle Benefit 	Up to \$20/month post tax	\$5 million	Amounts excludible from gross income	Suspended until 2026

WHAT DO WE WANT IN THE SHORT TERM?

Preserve the Bike Commuter Benefit

Under the Bike Commuter Benefit:

Employers can reimburse employees up to \$20 per month tax-free

- Employees are eligible for reimbursement if:
 1. They commute to work by bike regularly
 2. They purchase a bicycle, bicycle improvements, bicycle storage, or bicycle repair
- Employers can define the amount of regular commuting necessary for reimbursement and the types of purchases that can be reimbursed

The Joint Committee on Taxation estimates that the Bike Commuter Benefit costs the federal government \$5 million per year

- This implies that slightly more than 20,000 bicyclists take the maximum Bike Commuter Benefit



WHAT DO WE WANT IN THE LONG-TERM?

Transportation Benefits that are focused on helping low and middle income employees commute to work and that promote congestion reducing modes of travel.

Here are 3 options that would be an improvement:

Option 1 -Create a federal Cash-Out program

- Where an employer that offers employees car parking and public transportation benefits must also provide a cash allowance equal to the uniform dollar limitation for car parking and public transportation to use in lieu of car parking or public transportation benefits

Option 2 -Create a Commuter Savings Account program (like a Health Savings Account)

- Where an employee may set aside an amount to use for commuting expenses (regardless of mode)

Option 3 -Create a Transportation Allowance program

- Where an employer may offer employees a cash allowance up to a uniform dollar limitation to be used for any commuting expenses or saved





Questions? Ask me at ken@bikeleague.org

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