

## **Bicycle Commuting Tax Credit – update March 2009**

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UC appreciates the dedicated and environmentally conscious faculty and staff who commute to work by bike. We were excited to learn about the federal tax credit passed by the legislature last fall, and immediately investigated whether and how UC could use this tax credit.

The federal tax credit is designed for employers to administer, and because UC does not pay federal taxes, unfortunately UC cannot use the federal tax credit as it is currently structured. We continue to monitor legislation in this area, and there is proposed legislation this year which may resolve this barrier.

UC is still exploring ways to encourage employee bike commuting. It reduces our GHG emissions, reduces our traffic impact on local intersections, and reduces the need to construct parking structures. In order to determine the financial feasibility of any bike commute support, we need a better estimate of the number of employees who commute by bike. If you are a UC employee who commutes by bike, please contact the Transportation office at your campus to register as a bike commuter.

### **The law**

The Emergency Economic Stabilization Act of 2008 Section 211 included a provision to add “qualified bicycle commuting reimbursements”

### **Internal Revenue Code §132(f)(1)(D), as amended by the Emergency Economic Stabilization Act of 2008, Section 211**

The Emergency Economic Stabilization Act of 2008 includes a provision that, effective for tax years beginning after Dec. 31, 2008, adds “qualified bicycle commuting reimbursements” to the list of qualified transportation fringe benefits that are not included in taxable wages.

IRC §132(f)(5)(F)(i) defines a “qualified bicycle commuting reimbursement” for any calendar year, as any employer reimbursement during the 15-month period beginning with the first day of the calendar year for reasonable expenses incurred by the employee during that calendar year for the cost of a bicycle, bicycle improvements, repairs, and storage. The bicycle must be regularly used for travel between the employee's residence and place of employment.

(ii) Applicable Annual Limitation – the term Applicable Annual Limitation mean, with respect to any employee for any calendar year, the product of \$20 multiplied by the number of qualified bicycle commuting months during such year.

(iii) Qualified bicycle commuting month – the term “qualified bicycle commuting month” means, with respect to any employee, any month during which such employee –

- (I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and
- (II) does not receive any other transportation fringe benefit.