Commuter bicycle benefit is an incentive to encourage employees to bike to work. The federal government has a tax provision that allows any employer to provide a reimbursement of up to $20 per month for expenses incurred by the employee in conjunction with their commute to work by bike. The reimbursement is a fringe benefit paid by the employer and is tax deductible to the employer.

There are some critical differences between federal bicycle commuter benefits and other transportation fringe benefits including:

- Employee cannot reimburse themselves with pre-tax income; the reimbursement must be paid by the employer.
- Employees cannot receive both a transit and bicycle fringe benefit in the same month.
- The benefit is not indexed to inflation, so the amount remains fixed until changed at the federal level.

The intent of the commuter bike benefit is to help defray some of those fixed costs associated with biking such as, the purchase of a bicycle, bike lock, helmet, bike parking facilities, shower facilities, and general maintenance. Bicycling advocates suggest the benefit is another step in the right direction to build moral.

**How it works**

An employer may provide up to $20 per month for expenses incurred by an employee in conjunction with their commute to work by bike.

Employers must initiate the program. They typically provide it as part of other transportation fringe benefits, such as public transit passes or vanpool fares. Employers who provide the benefit are eligible for a tax deduction.

The federal law defines bicycle commuting as any month in which an employee regularly uses a bicycle for a substantial portion of the travel between home and work and does not receive any other qualified transportation benefit such as transit or parking. Some companies require employees to keep logs or record the number of times they bike to work, while others rely on the “honor” system.

Some employers administer the program through a third party, which assumes responsibility for keeping track of who is eligible for the benefit and sending out the benefit checks.

**Best Practice**

*The National Institutes of Health* in Bethesda Maryland has been providing its employees with incentives to encourage the use of transportation alternatives. Approximately 12,500 of its 23,000 employees participate in the Institute’s commuting alternatives program.

NIH offers on-site facilities for bicyclists and walkers and was one of the first federal agencies to offer a Bicycle Subsidy Program as an incentive. NIH is a champion for Commuter Connections’ Bike to Work Day, with 590 employees participating in this year’s event.
Best Practice

City Market, an independent grocery store in Burlington Vermont gives employees extra cash for biking to work.

City Market was the first Vermont company to provide this benefit to staff, although it has since been adopted by other large employers in the State, including the University of Vermont.

"We have limited parking" acknowledges HR Director Meredith O’Neill. "Every space we can keep open for customers is a win-win for everyone. Employees think the bike commuting benefit is great!"

St. Jude’s Research Hospital

St. Jude’s Research Hospital is one of the largest employers in the Mid-South region, with over 4,000 employees in downtown Memphis, just north of the Medical District. While St. Jude’s Hospital is located downtown, it has a campus-style layout with several buildings spread out on a single parcel of land. In part, because it is a hospital, St. Jude’s has a focus on employee health and the campus includes a one-mile walking trail and a fitness center with shower facilities.

St. Jude’s is a large employer and the commute challenges are varied. The hospital has a large amount of parking that it provides at considerable cost. In addition, some employees (in a survey) said they are challenged to get to work quickly, safely and economically. About 65% of St. Jude employees live within a 30 minute travel time of the hospital, 25% of them live within 15 minutes of work. Some of these workers could potentially be encouraged to bike to work if an incentive were available. St. Jude’s is also located along and close to several existing and proposed bike lanes.

Offering an employee bike benefit would both help address employee commute needs as well as fit in with the hospital culture. St. Jude’s already has bike racks on campus, several of which are full on days when the weather is nice. In addition, because St. Jude’s already has shower facilities, it is easier for people to ride their bikes to work.

Application to Mid-South

St. Jude’s Research Hospital

St. Jude’s Research Hospital is one of the largest employers in the Mid-South region, with over 4,000 employees in downtown Memphis, just north of the Medical District. While St. Jude’s Hospital is located downtown, it has a campus-style layout with several buildings spread out on a single parcel of land. In part, because it is a hospital, St. Jude’s has a focus on employee health and the campus includes a one-mile walking trail and a fitness center with shower facilities.

St. Jude’s is a large employer and the commute challenges are varied. The hospital has a large amount of parking that it provides at considerable cost. In addition, some employees (in a survey) said they are challenged to get to work quickly, safely and economically. About 65% of St. Jude employees live within a 30 minute travel time of the hospital, 25% of them live within 15 minutes of work. Some of these workers could potentially be encouraged to bike to work if an incentive were available. St. Jude’s is also located along and close to several existing and proposed bike lanes.

Offering an employee bike benefit would both help address employee commute needs as well as fit in with the hospital culture. St. Jude’s already has bike racks on campus, several of which are full on days when the weather is nice. In addition, because St. Jude’s already has shower facilities, it is easier for people to ride their bikes to work.

Other Potential Bike Commuter Benefit Sites:
Southwest Tennessee Community College | City of Memphis | Shelby County | Methodist Hospital

City Market, an independent grocery store in Burlington Vermont gives employees extra cash for biking to work.

City Market was the first Vermont company to provide this benefit to staff, although it has since been adopted by other large employers in the State, including the University of Vermont.

"We have limited parking" acknowledges HR Director Meredith O’Neill. "Every space we can keep open for customers is a win-win for everyone. Employees think the bike commuting benefit is great!”