

New Biden plan would give e-bike buyers up to \$1,500 in tax credits



There's good news in the latest version of the White House budget deal: the proposed federal tax credit for new electric bike purchases has survived the most recent round of Congressional bloodletting. Not only that, but it's been restored to its former glory of 30 percent, after the House of Representatives slashed it to 15 percent.

Still, it's a hugely important proposal for a product that is still struggling to reach mass adoption. If the deal passes in its current form, e-bikes would become significantly cheaper for most Americans. In turn, that could mean a significant change in the transportation options for millions of people around the country.

The legislation would offer Americans a refundable tax credit worth 30 percent of a new e-bike's purchase price, capped at \$1,500. All three e-bike classes would be eligible for the tax credit, but bikes with motors more powerful than 750W would

not. The credit would be fully refundable, which would allow lower-income individuals to claim it.

There are some caveats

Bikes that cost more than \$5,000 would not be eligible. The program is also means-tested, meaning the credit would begin phasing out \$200 for every \$1,000 spent on the purchase for individuals who earn \$75,000, heads of household earning \$112,500, and married couples who file jointly earning \$150,000.

E-bikes are significantly more expensive than normal bikes, typically costing anywhere from \$1,000 to \$8,000. But they also have the potential to replace car trips for a lot of people, which could help make real progress in the fight against climate change. A recent study found that if 15 percent of car trips were made by e-bike, carbon emissions would drop by 12 percent.

There are other benefits for cyclists tucked away in the massive 1,600-page bill. People who ride bikes to work or use bike-share would be eligible for pre-tax commuter benefits similar to those who drive and park or take public transportation to work. Under the proposal, employees would be allowed to receive a bicycle benefit of up to 30 percent of the parking benefit – currently equivalent to \$81 a month, less than \$1,000 a year, for bicycling.

<https://www.theverge.com/2021/10/28/22751273/ebike-tax-credit-build-back-better-biden>