

Tax Credits a Better Way to Encourage Telecommuters

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The U.S. government will try to reduce traffic and pollution by giving tax credits to enterprises that encourage telecommuting. Something good should come out of this pilot project.

NEWS ANALYSIS

Event

On 21 August 2001, the U.S. Department of Transportation announced "ecommute," a pilot program that would give tax credits to enterprises that encourage telecommuting. The project aims to reduce traffic congestion and air pollution caused by commuters driving to work. The initiative will run in Denver, Houston, Los Angeles, Philadelphia and Washington, D.C., and the Environmental Protection Agency and the National Environmental Policy Institute will help the Transportation Department administer ecommute.

Analysis

This pilot program may increase telecommuting because it potentially offers valuable incentives while being easy to administer. A previous attempt by the U.S. government to mandate telecommuting as part of the Clean Air Act in the early 1990s failed. This initiative required states to limit the number of trips per employee per month. However, the states found it virtually impossible to police — certainly they couldn't do it cost effectively. Under ecommute, employers that receive tax credits, which represent real cash value, will have greater incentive to implement telecommuting. The program has few operational costs since it gets merged into the present tax structure. The Transportation Department, which oversees more than \$100 billion of annual spending on roads and bridges, does not seem the logical agency to oversee a telecommuting initiative designed to decrease road use; however, these different responsibilities would likely not come into conflict until telecommuting becomes much more widespread.

The potential effect and monetary value of ecommute cannot be gauged until details on its execution become clear. The tax incentive must be substantial enough to offset the costs of telecommuting, including start-up costs and the effort needed to overcome managers' initial resistance. In any case, tax credits alone will likely not convince many enterprises to start or increase telecommuting. This initiative may prompt enterprises to revisit the other benefits of telework, including the attraction and retention of employees, workplace flexibility, reduced costs for facilities, and higher productivity with lower commuting times. Gartner believes that more enterprises would choose telecommuting if they knew more about the risks and benefits. Just the possibility of ecommute incentives can get employees and employers talking and thinking in useful ways — about both the environment and telecommuting.

Analytical Sources: John Girard, Telecommuting and Remote Access, and Michael Bell, Management Strategies & Directions

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