

109TH CONGRESS
1ST SESSION

S. 1292

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for expenses incurred in teleworking.

IN THE SENATE OF THE UNITED STATES

JUNE 23, 2005

Mr. SANTORUM introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for expenses incurred in teleworking.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Telework Tax Incen-
5 tive Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

8 (1) Federal, State, and local governments spend
9 billions of dollars annually on the Nation’s transpor-
10 tation needs.

1 (2) Congestion on the Nation's roads costs over
2 \$63,000,000,000 annually in lost work time, fuel
3 consumption, and costs of infrastructure and equip-
4 ment repair.

5 (3) On average, on-road-vehicles contribute 34
6 percent of nitrogen oxides emissions.

7 (4) It is estimated that staying at home to work
8 requires 3 times less energy consumption than com-
9 muting to work.

10 (5) In 2000, it was reported that if an identi-
11 fied 10 to 20 percent of commuters switched to tele-
12 working, 1,800,000 tons of regulated pollutants
13 would be eliminated, 3,500,000,000 gallons of gas
14 would be saved, 3,100,000,000 hours of personal
15 time would be freed up, and maintenance and infra-
16 structure costs would decrease by \$500,000,000 an-
17 nually because of reduced congestion and reduced
18 vehicle miles traveled.

19 (6) The average American daily commute is 49
20 minutes for a 24-mile round-trip (a total of 100
21 hours per year).

22 (7) The increase in work from 1969 to 1996,
23 the increase in hours mothers spend in paid work,
24 combined with a shift toward single-parent families
25 resulted in families on average experiencing a de-

1 crease of 22 hours a week (14 percent) in parental
 2 time available outside of paid work they could spend
 3 with their children.

4 (8) Today 60 percent of the workforce is in-
 5 volved in information work (an increase of 43 per-
 6 cent since 1990) allowing and encouraging decen-
 7 tralization of paid work to occur.

8 (9) Estimates indicate that about 40,000,000
 9 Americans are currently teleworking.

10 **SEC. 3. CREDIT FOR TELEWORKING.**

11 (a) IN GENERAL.—Subpart B of part IV of sub-
 12 chapter A of chapter 1 of the Internal Revenue Code of
 13 1986 (relating to foreign tax credit, etc.) is amended by
 14 adding at the end the following new section:

15 **“SEC. 30B. TELEWORKING CREDIT.**

16 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
 17 gible taxpayer, there shall be allowed as a credit against
 18 the tax imposed by this chapter for the taxable year an
 19 amount equal to the qualified teleworking expenses paid
 20 or incurred by the taxpayer during such year.

21 “(b) MAXIMUM CREDIT.—

22 “(1) PER TELEWORKER LIMITATION.—The
 23 credit allowed by subsection (a) for a taxable year
 24 with respect to qualified teleworking expenses paid

or incurred by or on behalf of an individual teleworker shall not exceed \$500.

“(2) REDUCTION FOR TELEWORKING LESS THAN FULL YEAR.—In the case of an individual who is in a teleworking arrangement for less than a full taxable year, the amount referred to paragraph (1) shall be reduced by an amount which bears the same ratio to \$500 as the number of months in which such individual is not in a teleworking arrangement bears to 12. For purposes of the preceding sentence, an individual shall be treated as being in a teleworking arrangement for a month if the individual is subject to such arrangement for any day of such month.

“(c) DEFINITIONS.—For purposes of this section—

“(1) ELIGIBLE TAXPAYER.—The term ‘eligible taxpayer’ means—

“(A) in the case of an individual, an individual who performs services for an employer under a teleworking arrangement, and

“(B) in the case of an employer, an employer for whom employees perform services under a teleworking arrangement.

“(2) TELEWORKING ARRANGEMENT.—The term ‘teleworking arrangement’ means an arrangement

1 under which an employee teleworks for an employer
 2 not less than 75 days per year.

3 “(3) QUALIFIED TELEWORKING EXPENSES.—

4 The term ‘qualified teleworking expenses’ means ex-
 5 penses paid or incurred under a teleworking ar-
 6 rangement for furnishings and electronic information
 7 equipment which are used to enable an individual to
 8 telework.

9 “(4) TELEWORK.—The term ‘telework’ means
 10 to perform work functions, using electronic informa-
 11 tion and communication technologies, thereby reduc-
 12 ing or eliminating the physical commute to and from
 13 the traditional worksite.

14 “(d) LIMITATION BASED ON AMOUNT OF TAX.—

15 “(1) LIABILITY FOR TAX.—The credit allowable
 16 under subsection (a) for any taxable year shall not
 17 exceed the excess (if any) of—

18 “(A) the regular tax for the taxable year,
 19 reduced by the sum of the credits allowable
 20 under subpart A and the preceding sections of
 21 this subpart, over

22 “(B) the tentative minimum tax for the
 23 taxable year.

24 “(2) CARRYFORWARD OF UNUSED CREDIT.—If
 25 the amount of the credit allowable under subsection

1 (a) for any taxable year exceeds the limitation under
2 paragraph (1) for the taxable year, the excess shall
3 be carried to the succeeding taxable year and added
4 to the amount allowable as a credit under subsection
5 (a) for such succeeding taxable year.

6 “(e) SPECIAL RULES.—

7 “(1) BASIS REDUCTION.—The basis of any
8 property for which a credit is allowable under sub-
9 section (a) shall be reduced by the amount of such
10 credit (determined without regard to subsection (d)).

11 “(2) RECAPTURE.—The Secretary shall, by reg-
12 ulations, provide for recapturing the benefit of any
13 credit allowable under subsection (a) with respect to
14 any property which ceases to be property eligible for
15 such credit.

16 “(3) PROPERTY USED OUTSIDE UNITED STATES
17 NOT QUALIFIED.—No credit shall be allowed under
18 subsection (a) with respect to any property referred
19 to in section 50(b)(1) or with respect to the portion
20 of the cost of any property taken into account under
21 section 179.

22 “(4) ELECTION TO NOT TAKE CREDIT.—No
23 credit shall be allowed under subsection (a) for any
24 expense if the taxpayer elects to not have this sec-
25 tion apply with respect to such expense.

1 “(5) DENIAL OF DOUBLE BENEFIT.—No deduc-
 2 tion or credit (other than under this section) shall
 3 be allowed under this chapter with respect to any ex-
 4 pense which is taken into account in determining the
 5 credit under this section.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Subsection (a) of section 1016 of the Inter-
 8 nal Revenue Code of 1986 is amended by striking
 9 “and” at the end of paragraph (30), by striking the
 10 period at the end of paragraph (31) and inserting “,
 11 and”, and by adding at the end the following new
 12 paragraph:

13 “(32) to the extent provided in section
 14 30B(e)(1), in the case of amounts with respect to
 15 which a credit has been allowed under section
 16 30B.”.

17 (2) Section 55(c)(3) of such Code is amended
 18 by inserting “30B(d),” after “30(b)(3),”.

19 (3) Section 6501(m) of such Code is amended
 20 by inserting “30B(e)(4),” after “30(d)(4),”.

21 (c) CLERICAL AMENDMENT.—The table of sections
 22 for subpart B of part IV of subchapter A of chapter 1
 23 of the Internal Revenue Code of 1986 is amended by add-
 24 ing at the end the following new item:

“Sec. 30B. Teleworking credit.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts paid or incurred after
3 the date of the enactment of this Act, in taxable years
4 ending after such date.

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