SENATE BILL SB-2

Introduced by Senator Steve Choi (R-37)

An act relating to The Dual-Enrollment Tax Incentive & Excellence Act..

LEGISLATIVE COUNSEL'S DIGEST

SB-2, Steve Choi (R-37). The Dual-Enrollment Tax Incentive & Excellence Act..

Existing law, the College and Career Access Pathways (CCAP) program established under Section 76004 of the Education Code, enables high schools and higher education institutions to collaborate, allowing students to take college courses for credit transferable to four-year universities.

Dual enrollment programs have expanded rapidly, tripling in size since 2015, supported by significant state investment in initiatives such as Assembly Bill 288. More than 150,000 high school students currently participate in California's community college system. Approximately 12.6 percent of California high school seniors complete a course at a community college prior to graduation, a rate slightly exceeding the national average of 11 percent.

This bill would establish a dual-enrollment tax incentive program, offering tax credits to families with pupils enrolled in public high schools who voluntarily take college-level coursework.

Vote: Majority. **Appropriations/fiscal:** yes. **Local program:** no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Title

This act shall be known, and may be cited, as The Dual-Enrollment Tax Incentive & Excellence Act.

SECTION 2. Legislative Findings and Declarations

The Legislature finds and declares all of the following:

- (a) Approximately 62 percent of community college students in California are considered economically disadvantaged. Providing a targeted, means-tested refundable educational expense tax credit ensures that financial relief directly reaches low- and middle-income households, directly offsetting hidden secondary costs such as technology, textbooks, instructional materials, and transportation.
- (b) Based on current dual-enrollment participation demographics, this tax incentive primarily supports diverse households, benefiting an estimated demographic breakdown of 49 percent Latino, 22 percent White, 16 percent Asian, and 3 percent Black students.
- (c) To remove the barrier of families having to front cash out-of-pocket, it is necessary to establish both a refundable tax credit and an alternative advanceable grant option for high-need families.

SECTION 3. Section 76004 of the Education Code is amended to read:

76004.

- (f) A high school pupil enrolled in a course offered through a CCAP partnership shall not be assessed any fee that is prohibited by Section 49011.
- (a) While no tuition fee is assessed pursuant to Section 49011, secondary expenses, including required textbooks, specialized technology, transportation, and course materials, remain a substantial barrier preventing low-income students from fully participating in and benefiting from dual-enrollment pathways.
- (b) This act expands CCAP participation and upward socio-economic mobility by authorizing a state tax credit and advance grant program available to eligible low- and middle-income families of pupils concurrently enrolled in community college coursework pursuant to Section 76001 or participating in middle college high school programs pursuant to Section 11300.

SECTION 4. Section 17053.99 is added to the Revenue and Taxation Code, to read:

17053.99.

- (a) For taxable years beginning on or after January 1, 2027, an eligible taxpayer with a household income not exceeding 400 percent of the federal poverty level (or aligned with state Cal Grant low-to-middle income ceilings) shall be allowed a credit against "net tax" (as defined in Section 17039) for expenses incurred with respect to a student participating in a dual enrollment program or a College and Career Access Pathways (CCAP) program.
- (b) The amount of credit allowed per eligible pupil per taxable year shall be allocated according to the following tiered schedule based on verified educational expenses:
    - (1) One thousand dollars ($1,000) for a pupil from an eligible household who completes one college-level course during the taxable year and incurs qualified secondary expenses, including required textbooks, specialized technology, and course materials.
    - (2) Up to two thousand dollars ($2,000) for a pupil from an eligible household who completes two or more college-level courses during the taxable year, or who demonstrates verified high-need transportation or specialized equipment expenses exceeding one thousand dollars ($1,000), as determined by the Franchise Tax Board in consultation with the local educational agency.
- (c) **Advance Payment Option:** To prevent the barrier of families fronting out-of-pocket costs, the Franchise Tax Board, in coordination with the California Department of Education, shall establish an advance disbursement mechanism allowing qualifying low-income households to receive direct credential vouchers or upfront school-site allocations for required textbooks and technology.

- (d) **Appropriation:** The sum necessary to fund the tax credits, advance disbursements, and district performance incentives authorized by this section shall be appropriated from the General Fund, drawing from dedicated Proposition 98 higher-education equity and career technical education streams.
- (e) **Allocation for assistance via non-refundable tax credits**: The sum of five million dollars ($5,000,000)—drawn from the total legislative budget shall be allocated to support qualifying low-income households whose tax liability is insufficient to benefit from the tax credit established in this section. These funds will be distributed through direct educational assistance grants or vouchers to cover eligible expenses related to dual enrollment, including textbooks, instructional materials, transportation, technology, and specialized equipment. Eligibility will be determined based on household income and demonstrated economic need. This allocation will ensure that students from low-income households receive meaningful educational assistance, regardless of their family's ability to claim or benefit from a state-level income tax credit or refund.