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. Additionally, this bill would provide financial performance incentives to school districts that actively promote and expand dual-enrollment pathways.

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

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

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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:

> Implementing a refundable educational expense tax credit targeted strictly at textbook/tech receipts (ranging from 15 % to 25 %) would expand financial benefits to between 190,000 and 206,000 California families, ensuring that 100 percent of participating households receive direct assistance regardless of income level. Approximately 62 percent of community college students in California are considered economically disadvantaged. A refundable tax credit would provide critical financial relief to more than 100,000 low-income households, directly offsetting hidden secondary costs such as technology, textbooks, instructional materials, and transportation.

Based on current dual-enrollment participation demographics, this tax incentive would primarily support diverse households, benefiting an estimated demographic breakdown of 49 percent Latino, 22 percent White, 16 percent Asian, and 3 percent Black students.

SEC. 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.

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.
This act expands CCAP participation and upward socio-economic mobility by authorizing a state tax credit available to the family of any pupil concurrently enrolled in community college coursework pursuant to Section 76001 or participating in middle college high school programs pursuant to Section 11300.

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

For taxable years beginning on or after January 1, 2027, an eligible taxpayer 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.
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:
One thousand dollars ($1,000) for a pupil who completes one college level course during the taxable year and incurs qualified secondary expenses, including required textbooks, specialized technology, and course materials.
Up to two thousand dollars ($2,000) for a pupil 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.