



State Board of Equalization

# News Release

**Chairman Jerome E. Horton**

**4<sup>th</sup> District – Los Angeles**

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## **Board of Equalization Chair Announces Tax Funding for Advanced Education By Jerome E. Horton, Chairman of the California Board of Equalization**

As schools reconvene throughout the state and the nation, State Board of Equalization Chair, Jerome Horton, encourages parents and students to capitalize on various grants, scholarship, and loan programs available for post-secondary education students.

For families with college bound students, the Basic Educational Opportunity Grant (BEOG) provides a maximum grant of \$5,500 to help low-and middle-income students afford their college tuition. It is not a loan and does not have to be paid back

There are other sources of education funding including the student loan interest deduction that allows qualifying taxpayers to deduct up to \$2,500 of interest paid on a qualified student loan to attend an accredited, higher education institution. For loan interest to be deductible, the loan must have been for the taxpayer, taxpayer's spouse, or the taxpayer's dependent when the loan was obtained.

[The American Opportunity Credit](#) (AOC), set to expire at the end of 2012, allows a credit of up to \$2,500 for the qualified tuition and related expenses paid for each eligible student. This credit can be claimed for the first four years of post-secondary education for each eligible student enrolled at least half time in a qualified program. Eligible expenses include tuition, required fees, and the cost of required course books and software. The AOC is unique because 40% of it is a refundable credit, which allows taxpayers with no tax liability to receive this portion of the credit as a refund.

[The Lifetime Learning Credit](#) provides up to \$2,000 each year for the total qualified tuition and related expenses paid during the tax year for all eligible students enrolled in a qualified educational institution. Unlike the AOC, the Lifetime Learning Credit is not based on the student's workload and is not limited to the first four years of post-secondary education. Expenses for graduate-level degree classes are eligible for the Lifetime Learning Credit.

There is also [the Employee Business Expense](#): Taxpayers who take courses to improve their job skills, to satisfy their continuing education requirements for their professional credentials, or for reasons otherwise related to their current job, may deduct the cost of their tuition, associated fees, books and supplies, and mileage from work to school. The expenses are not deductible if the course is not job-related or would qualify the taxpayer for a job in a new field.

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It is noteworthy that California conforms to the federal student loan interest deduction (IRC section 221; RTC section 17201) and the work related education expense deduction (IRC section 162; RTC section 17201). However, California does not conform to the American Opportunity Credit or the Lifetime Learning Credit (IRC section 25A) and there is nothing that mirrors these credits for California purposes.

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Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization's Legislative Committee Chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

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