Senator Smith fights to extend education tax credits

by Bend Weekly News Sources

Senator Smith wants to make permanent a tax benefit for teachers to deduct classroom expenses. U.S. Senator Gordon H. Smith (R-Oregon) ran into a roadblock Thursday on his way to making permanent a critical education tax provision utilized by 65,000 Oregonians in 2004.

â€œWe need to make it easier for parents to send their kids to college,â€• Smith said. â€œEducating our citizens is critical if we want to remain competitive in the global economy. Rising tuition costs make it very difficult for American families to cover these expenses on their own. It is important Congress extends the education tax benefits that are helping families pay tuition costs.â€•

Senator Smith proposed amending the Fair Minimum Wage Act to make permanent or extend a variety of education tax benefits. Senator Smithâ€™s amendment would have:

Made permanent the tax deduction for qualified tuition and education related expenses that helped 4.5 million middle-income Americans families and 65,000 families in Oregon in 2004 deduct up to $4,000 from their tax returns. This provision is set to expire in 2007.

Made permanent the higher $2,000 contribution limit to Coverdell Education Savings Accounts. In addition, would permanently allow money in the accounts to be used to pay for elementary and secondary education.

Raised to $400 and made permanent a tax benefit for teachers to deduct classroom expenses

Made permanent a provision that allows an employee to exclude up to $5,250 a year in education assistance from their employer from being counted towards their gross income

The Senate rejected adding the education tax provisions by a vote of 43 to 50. Senator Smith pledged to continue working to extend the tax provisions.