



FISCAL NOTE

House Bill 517

Committee: Ways and Means Education

Sponsor: Representative James Lomax

Analyst: John Friedenreich

Date: 03/03/2026

REVISED

House Bill 517 as introduced could decrease income tax receipts to the Education Trust Fund, financial institutions excise tax receipts to the State General Fund (SGF), and public utility license tax receipts to the SGF and Special Mental Health Fund by up to a cumulative total of \$10 million annually by allowing an employer to claim a non-refundable, non-transferable tax, beginning in tax year 2027, for the salaries paid to employees for the time such employees serve as instructors in certain career and technical education (CTE) programs.

This bill would also: (1) limit the credit to \$250,000 per employer aggregate over all tax years; (2) limit the credit to no more than 50% of the employer's tax liability; (2) allow the credit to be carried forward up to 5 years; and (3) limit the credits to work agreements approved prior to December 31, 2031.

This bill would also increase the administrative obligations of the State Department of Education Department to (1) to enact rules to implement and administer the provisions of this bill; (2) coordinate with the Alabama Department of Workforce to establish and issue a workforce teaching certificate; (3) approve CTE programs that are eligible for participation; (4) develop and administer a training program for prospective CTE instructors; and (5) report to the Governor and Legislature annually summarizing the use of the tax credit, and no later than July 1, 2031 on the effectiveness of the tax credit program.

Additionally, this bill would increase the administrative obligations of the Alabama Department of Revenue to adopt rules to administer the tax credits.