



FISCAL NOTE

House Bill 517

Committee: Finance and Taxation Education Sponsor: Representative James Lomax

Analyst: John Friedenreich

Date: 04/01/2026

House Bill 517 as reported by the Committee on Finance and Taxation Education could decrease income tax receipts to the Education Trust Fund and financial institutions excise tax receipts to the State General Fund (SGF) by up to a cumulative total of \$10 million annually by allowing a taxpayer to claim a non-refundable, non-transferable tax, beginning in tax year 2027, for: (1) the portion of salaries paid to employees for the time the employees serve as instructors in certain career and technical education (CTE) programs; or (2) donations to community development foundations for CTE curriculum advancement or supplementation of salaries of instructors teaching designated CTE programs.

This bill would also: (1) limit the credit to \$250,000 per taxpayer in the 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.