

HB517 ENGROSSED



1 HB517

2 YM4Z522-2

3 By Representatives Lomax, Whitt, Paramore, Crawford, Reynolds,

4 Rigsby, Crow, DuBose, Ingram

5 RFD: Ways and Means Education

6 First Read: 26-Feb-26



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A BILL
TO BE ENTITLED
AN ACT

Relating to career and technical education; to enact the Talent Readiness and Industry Needs (TRAIN) Act; to authorize businesses to partner with eligible educational institutions to provide career and technical education instruction to students; to provide state income, financial institution excise, and utility tax credits to employers that loan qualified employees to serve as instructors in career and technical education programs at eligible educational institutions; and to establish a workforce teaching certificate and a streamlined process for qualified employees to obtain a certificate to teach a designated career and technical education program at an eligible educational institution.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known and may be cited as the Talent Readiness and Industry Needs (TRAIN) Act.

Section 2. The Legislature finds that Career and Technical Education (CTE) plays a vital role in preparing students for in-demand careers across a range of industries including manufacturing, information technology, construction,



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29 and skilled trades. Many school districts across the state
30 face challenges in recruiting and retaining qualified CTE
31 instructors due to certification barriers, regional shortages,
32 and competition with private-sector wages. The involvement of
33 current industry professionals in the classroom could provide
34 students with direct exposure to up-to-date, real-world
35 knowledge and practices, thereby improving educational
36 outcomes and workforce readiness. The Legislature also finds
37 that public-private partnerships between schools and industry
38 are essential to closing the skills gap and ensuring that
39 education aligns with the evolving needs of the economy. The
40 TRAIN Act would provide an opportunity for the private sector
41 to partner with eligible educational institutions to provide
42 CTE instruction to students and provide for industry
43 professionals to obtain CTE certification. Therefore, it is
44 the intent of the Legislature to establish a targeted income
45 tax credit to incentivize employers to loan qualified
46 employees to serve as instructors in CTE programs at eligible
47 educational institutions in order to promote workforce
48 development and economic growth.

49 Section 3. For the purposes of this act, the following
50 terms have the following meanings:

51 (1) ALABAMA COMMUNITY COLLEGE. Any public two-year
52 institution of higher education under the control of the Board
53 of Trustees of the Alabama Community College System.

54 (2) DEPARTMENT. The State Department of Education.

55 (3) DESIGNATED CTE PROGRAM. A career and technical
56 education program for grade 9 or higher at an eligible



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57 educational institution in a high-demand sector. The
58 high-demand sectors eligible for this designation shall be
59 reviewed and approved annually by the Executive Committee of
60 the Alabama Workforce Board, which shall provide notice to the
61 Department of Workforce and the department regarding its
62 approval or denial by March 31 of each year to be eligible for
63 the next academic year.

64 (4) ELIGIBLE EDUCATIONAL INSTITUTION. An Alabama
65 community college, local education agency, or a public high
66 school.

67 (5) EMPLOYER. A corporation, partnership, limited
68 liability company, or other business entity registered to do
69 business in this state and in good standing with the
70 Department of Revenue.

71 (6) PUBLIC HIGH SCHOOL. A public secondary school
72 operated by a local education agency in this state that
73 provides instruction in any grade from 9 through 12 that
74 offers an approved career and technical education program as
75 recognized by the department.

76 (7) QUALIFIED EMPLOYEE. An individual employed by an
77 employer who:

78 a. Possesses a Bachelor's degree or other certification
79 or experience or combination thereof equivalent to those
80 accepted by the department;

81 b. Has not less than three years of occupational
82 experience or appropriate industry-recognized certification in
83 a relevant field corresponding to a designated CTE program;

84 c. Has a history of positive performance reviews from



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85 his or her employer; and

86 d. Has successfully passed a criminal history
87 background check and meets any other screening requirements of
88 the eligible educational institution.

89 A qualified employee will not be a public employee or a
90 loaned employee for purposes of the Alabama Ethics Act.

91 (8) SALARY. The actual wages or compensation paid by an
92 employer to a qualified employee during a teaching assignment.

93 (9) TEACHING ASSIGNMENT. The agreed-upon period during
94 which a qualified employee is loaned by an employer to an
95 eligible educational institution to serve as an instructor in
96 a designated CTE program, provided that the assignment shall
97 consist of weekly in-person attendance at the school and no
98 less than 300 hours of direct instruction to students within
99 an academic year or another minimum time requirement
100 established by the department.

101 (10) WORKFORCE TEACHING CERTIFICATE. A temporary
102 teaching certificate issued to a qualified employee that
103 authorizes the employee to teach a designated CTE program at
104 an eligible educational institution and may be treated as a
105 renewable certificate by the department.

106 Section 4. Creation of the TRAIN Credit; Eligibility.

107 (a) There is hereby created a tax credit that an
108 employer may apply against any of the following:

109 (1) To offset the income taxes levied in Chapter 18 of
110 Title 40, Code of Alabama 1975.

111 (2) To offset the state portion of the financial
112 institution excise tax levied in Chapter 16 of Title 40, Code



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113 of Alabama 1975.

114 (3) To offset state license taxes levied by Article 2,
115 Chapter 21 of Title 40, Code of Alabama 1975.

116 (b) The amount of the tax credit shall equal the
117 portion of the qualified employee's salary paid by the
118 employer for time directly attributable to the teaching
119 assignment in the applicable tax year, subject to the
120 limitations provided in this section.

121 (c) Subject to the provisions of this act, an employer
122 shall be eligible to claim a credit if it meets all of the
123 following conditions:

124 (1) The employer enters into a memorandum of
125 understanding (MOU) or other agreement between the eligible
126 educational institution and the employer that outlines the
127 conditions under which a qualified employee with a workforce
128 teaching certificate or other teaching certificate would be
129 authorized to participate in a teaching assignment in a
130 designated CTE program. Each MOU or agreement between an
131 employer and an eligible educational institution, at a
132 minimum, shall include all of the following:

133 a. The name of the qualified employee and a description
134 of the designated CTE program in which instruction will occur.

135 b. The duration of the teaching assignment, including
136 total instructional hours and term or terms covered.

137 c. A statement confirming that the employer will
138 continue to pay the qualified employee's full salary and
139 benefits during the teaching assignment. A qualified employee
140 is not entitled to any compensation from an eligible



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141 educational institution, but the institution may elect to
142 compensate a qualified employee in whatever manner it deems
143 appropriate.

144 d. A certification by the employer that the qualified
145 employee has passed, or will pass prior to beginning the
146 teaching assignment, all background screening requirements as
147 required by the eligible educational institution.

148 e. The method of verifying attendance, instructional
149 hours, and program completion for purposes of credit
150 certification.

151 f. A provision authorizing the department to inspect
152 records and verify compliance.

153 g. A provision acknowledging that noncompliance with
154 any of these requirements may result in recapture of the tax
155 credit, as provided in this act.

156 h. A statement that the employer shall maintain
157 workers' compensation and general liability coverage for the
158 qualified employee during the teaching assignment.

159 i. A statement regarding liability for actions
160 performed by the qualified employee in furtherance of the
161 teaching assignment.

162 (2) The employer has received a TRAIN Act credit
163 reservation certificate from the department for an approved
164 agreement with an eligible educational institution.

165 (3) The employer continues to pay the qualified
166 employee's full salary and benefits during the teaching
167 assignment.

168 (4) The eligible educational institution provides the



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169 qualified employee with the classroom space, equipment, and
170 other instructional materials required to conduct the teaching
171 assignment unless otherwise agreed to in the MOU.

172 (d) To the extent that a tax credit is used by an
173 employer, the employer shall not be allowed any deduction that
174 would have otherwise been allowed for the employer's payment
175 of the qualified employee's salary. Credits may only be
176 claimed by the employer and may not be assigned or transferred
177 to any other taxpayer, provided the credit issued to a parent
178 or holding company may be claimed by the subsidiary, provided
179 both parent or holding company and subsidiary are filing as
180 part of an Alabama consolidated return, as defined under
181 Section 40-18-39, Code of Alabama 1975.

182 (e) In no event shall the credit cause an employer's
183 tax liability to be reduced by more than 50 percent. Unused
184 credits may be carried forward for no more than five years but
185 shall not be transferable.

186 (f) In the event that a teaching assignment is not
187 completed in full, the credit shall be prorated and available
188 to the employer only for the portion of the salary paid for
189 services actually rendered by the qualified employee and
190 accepted by the eligible educational institution. If an
191 agreement is terminated by the eligible educational
192 institution, the Department of Revenue, after consultation
193 with the department, may disallow the credit in its entirety
194 for that tax year.

195 (g) The tax credits may be claimed beginning January 1,
196 2027, for the 2027 tax year.



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197 (h) The statewide annual aggregate of tax credits
198 allowed under this section shall not exceed ten million
199 dollars (\$10,000,000).

200 (i) Notwithstanding any other provision of this act,
201 the total amount of credit that may be reserved and claimed by
202 any single employer shall not exceed two hundred fifty
203 thousand dollars (\$250,000) in the aggregate for all tax
204 years. The department shall ensure that no credit reservation
205 certificate is issued that would cause an employer to exceed
206 this limitation.

207 Section 5. Forms; Construction of Article; Rulemaking
208 Authority.

209 (a) All findings and applications made with any
210 department of the state government shall be made using forms
211 adopted by the department. The filing shall be treated as a
212 tax return, subject to penalties imposed by the Department of
213 Revenue.

214 (b) Nothing in this article shall be construed to
215 constitute a guarantee or assumption by the state of any debt
216 of any company nor to authorize the credit of the state to be
217 given, pledged, or loaned to any company.

218 (c) Nothing in this article shall be construed to make
219 available to any taxpayer any right to the benefits conferred
220 by this article absent strict compliance with this article.

221 (d) Nothing in this article shall be construed to limit
222 the powers otherwise existing for the Department of Revenue to
223 audit and assess a taxpayer claiming the credit.

224 (e) The department is authorized to work with the



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225 Department of Revenue and the Department of Workforce to adopt
226 rules as necessary to implement and administer this article.

227 Section 6. Administration.

228 (a) The Department of Revenue may adopt rules and
229 regulations for implementation and enforcement.

230 (b) The department shall establish a process to approve
231 agreements, and the Department of Revenue shall allow tax
232 credits in accordance with the following:

233 (1) Upon receipt of an executed agreement, the
234 department shall issue a TRAIN Act credit reservation
235 certificate to the employer.

236 (2) The certificate shall state the maximum amount of
237 credit reserved for the employer and the corresponding
238 teaching assignment, which may span multiple tax years.

239 (3) Tax credits reserved by certificates issued in a
240 prior calendar year shall count against the cap for the
241 calendar year in which the certificate was issued.

242 (4) The department shall track credit reservations by
243 employer and shall deny or reduce any requested reservation
244 that would cause the employer to exceed the per-employer
245 limitation established in Section 4(i).

246 (c) The department, in consultation with the Department
247 of Workforce and the Executive Committee of the Alabama
248 Workforce Board, shall administer the process for approving
249 designated CTE programs that are eligible for participation
250 under this act, pursuant to the annual sector approvals
251 provided in Section 3(3).

252 (d) In order to claim a tax credit, an employer must



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253 file the appropriate forms with the Department of Revenue and
254 provide a copy of its TRAIN Act credit reservation
255 certificate, documentation of the agreement, proof of salary
256 payments made during the tax year for which the credit is
257 claimed, and any other information required by the Department
258 of Revenue.

259 (e) The department, with information from the
260 Department of Revenue as requested, shall submit an annual
261 report by the third legislative day of each regular session of
262 the Legislature to the Governor, the Speaker of the House of
263 Representatives, the President Pro Tempore of the Senate, and
264 the Legislative Fiscal Officer summarizing:

- 265 (1) The number of tax credits approved and claimed;
266 (2) The number of employers, qualified employees, and
267 institutions participating;
268 (3) Geographic distribution; and
269 (4) Program outcomes.

270 (f) No later than July 1, 2031, the department shall
271 submit to the Governor and the Legislature a report evaluating
272 the effectiveness of the TRAIN Act, including data on
273 participation, geographic distribution, and workforce
274 outcomes, and shall include recommendations as to whether the
275 program should be extended, modified, or allowed to expire.

276 Section 7. The tax credits provided in this article
277 shall not be available for employers as described in this
278 article, for which agreements are not approved on or prior to
279 December 31, 2031, unless the Legislature enacts legislation
280 to extend the date. This shall only affect the availability of



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281 credits for applications not approved on or prior to December
282 31, 2031, and shall not cause a reduction or suspension of any
283 credits awarded on or prior to December 31, 2031.

284 Section 8. Certification Process.

285 (a) In order to support statewide workforce development
286 initiatives, it is necessary to establish a streamlined
287 process by which private sector employees may teach a
288 qualified CTE program at an eligible educational institution.

289 (b) The department, in consultation with the Department
290 of Workforce, is authorized to adopt the rules and criteria
291 for the establishment and issuance of a workforce teaching
292 certificate that would authorize a qualified employee to serve
293 as a classroom teacher at an eligible educational institution
294 while still employed and paid by a private sector employer.

295 (c) The workforce teaching certificate shall authorize
296 a qualified employee to engage in the following:

297 (1) To accept a teaching assignment, serve as a
298 classroom teacher, and provide direct instruction for a
299 qualified CTE program.

300 (2) To enter grades, maintain instructional records,
301 and perform duties customarily exercised by full-time
302 instructors, subject to approval by an eligible educational
303 institution.

304 (3) Other duties as determined by the eligible
305 educational institution.

306 (d) A qualified employee may not receive a workforce
307 teaching certificate until after he or she has successfully
308 passed a criminal history background check and obtained



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309 clearance from the department in accordance with the
310 requirements of Section 16-22A-5, Code of Alabama 1975.

311 (e) The department may terminate an individual's
312 workforce teaching certificate at any time for cause. An
313 eligible educational institution may terminate an agreement
314 with an employer that is entered into in accordance with the
315 requirements of this act at any time if the qualified
316 employee:

317 (1) Has his or her workforce teaching certificate
318 terminated;

319 (2) Does not comply with the requirements of the
320 agreement; or

321 (3) Does not conduct the teaching assignment at the
322 expected level of performance.

323 (f) The department shall develop and administer a
324 training program that must be taken and passed by a qualified
325 employee prior to the issuance of a workforce teaching
326 certificate and that individual beginning a teaching
327 assignment. The training program shall be offered online. The
328 training program should be limited in scope and duration, and
329 the program's instructional time should not exceed what is
330 reasonably necessary to conduct a teaching assignment. The
331 training program could include the entry level occupational
332 proficiency assessment that is approved by the department, if
333 applicable, but it must provide targeted instruction in: (i)
334 classroom management; (ii) basic instructional methods; (iii)
335 student safety and legal compliance; and (iv) grading
336 standards and assessment fundamentals.



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337 (g) The department is authorized to set the term of a
338 workforce teaching certificate and the process by which a
339 certificate may be renewed or terminated.

340 (h) The holder of a workforce teaching certificate
341 shall not be personally liable for acts or omissions
342 undertaken in performance of assigned instruction or
343 supervisory duties. This protection shall not apply to
344 willful, wanton, or intentional acts of misconduct, and shall
345 be administered consistent with Section 16-28C-4, Code of
346 Alabama 1975.

347 (i) Neither the department nor an eligible educational
348 institution shall be liable for any acts of the qualified
349 employee.

350 Section 9. This act shall become effective on October
351 1, 2026.



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House of Representatives

355 Read for the first time and referred26-Feb-26
356 to the House of Representatives
357 committee on Ways and Means
358 Education
359
360 Read for the second time and placed03-Mar-26
361 on the calendar:
362 0 amendments
363
364 Read for the third time and passed05-Mar-26
365 as amended
366 Yeas 104
367 Nays 0
368 Abstains 1
369
370

John Treadwell
Clerk

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