

**151B.402 Legislative findings relating to need for High School Equivalency Diplomas -- Incentives -- Administrative regulations -- Learning contracts -- Tuition discounts -- Tax credit for employers -- Annual report. (Effective July 15, 2026)**

- (1) The General Assembly recognizes the critical condition of the educational level of Kentucky's adult population and seeks to stimulate the attendance at, and successful completion of, programs that provide a High School Equivalency Diploma. Incentives shall be provided to full-time employees who complete a High School Equivalency Diploma program within one (1) year and their employers.
- (2) The Office of Adult Education within the Department of Workforce Development in the Education and Labor Cabinet shall promulgate administrative regulations to establish the operational procedures for this section. The administrative regulations shall include but not be limited to the criteria for:
  - (a) A learning contract that includes the process to develop a learning contract between the student and the adult education instructor with the employer's agreement to participate and support the student;
  - (b) Attendance reports that validate that the student is enrolled and studying for the High School Equivalency Diploma during the release time from work; and
  - (c) Final reports that qualify the student for the tuition discounts under subsection (3)(a) of this section and that qualify the employer for tax credits under subsection (4) of the section.
- (3)
  - (a) An individual who has been out of secondary school for at least three (3) years, develops and successfully completes a learning contract that requires a minimum of five (5) hours per week to study for the High School Equivalency Diploma program, and successfully earns a High School Equivalency Diploma shall earn a tuition discount of two hundred fifty dollars (\$250) per semester for a maximum of four (4) semesters at one (1) of Kentucky's public postsecondary institutions.
  - (b) The program shall work with the postsecondary institutions to establish notification procedures for students who qualify for the tuition discount.
- (4) For taxable years beginning before January 1, 2028, an employer who assists an individual to complete his or her learning contract under the provisions of this section shall receive a state tax credit against the income tax imposed by KRS 141.020 or 141.040, and the limited liability entity tax imposed by KRS 141.0401, with credit ordering as provided in KRS 141.0205 for a portion of the released time given to the employee to study for the tests. The application for the tax credit shall be supported with attendance documentation provided by the Office of Adult Education and calculated by multiplying fifty percent (50%) of the hours released for study by the student's hourly salary, and not to exceed a credit of one thousand two hundred fifty dollars (\$1250).
- (5)
  - (a) By November 1, 2026, and each November 1 thereafter as long as the employer High School Equivalency Diploma program incentive credit is claimed under this section, the department shall report to the Legislative Research Commission for referral to the Interim Joint Committee on

Appropriations and Revenue:

1. The total number of returns claiming the credit for the taxable year;
  2. The total amount of credit claimed for the taxable year;
  3. By county, the total:
    - a. Number of employers participating in the High School Equivalency Diploma program;
    - b. Amount of High School Equivalency Diploma program incentive credit claimed; and
    - c. Number of full-time employees who complete the High School Equivalency Diploma program;
  4. By taxpayer:
    - a. The name and location of the taxpayer claiming the credit as listed on the tax return;
    - b. The total number of tax credits claimed for the taxable year;
    - c. The total amount of credit claimed for the taxable year; and
    - d. The number of individuals assisted with completion of the High School Equivalency Diploma for the taxable year; and
  5.
    - a. In the case of taxpayers other than corporations, based on ranges of adjusted gross income of no larger than five thousand dollars (\$5,000) for the taxable year, the total amount of credit claimed and the total number of returns claiming this credit for each adjusted gross income range.
    - b. In the case of corporations, based on ranges of net income of no larger than fifty thousand dollars (\$50,000) for the taxable year, the total amount of credit claimed and the total number of returns claiming this credit for each net income range.
- (b) The Office of Adult Education shall assist by providing the department with the information necessary to help fulfill the requirements under this subsection.
- (c) The information required to be reported under this subsection shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

**Effective:** July 15, 2026

**History:** Amended 2026 Ky. Acts ch. 161, sec. 56, effective July 15, 2026. -- Amended 2022 Ky. Acts ch. 236, sec. 34, effective July 1, 2022. -- Repealed, reenacted as KRS 151B.402, and amended 2019 Ky. Acts ch. 146, sec. 39, effective June 27, 2019. -- Amended 2017 Ky. Acts ch. 63, sec. 2, effective June 29, 2017. -- Repealed, reenacted, and renumbered 2013 Ky. Acts ch. 59, sec. 33, effective June 25, 2013. -- Amended 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 38, effective June 28, 2006. -- Amended 2006 Ky. Acts ch. 211, sec. 37, effective July 12, 2006. -- Created 2000 Ky. Acts ch. 526, sec. 12, effective July 14, 2000.

**Formerly codified as** KRS 151B.127.

**Formerly codified as** KRS 164.0062.

**Legislative Research Commission Note** (6/28/2006). 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 73, provides that "unless a provision of this Act specifically applies to an earlier tax year, the provisions of this Act shall apply to taxable years beginning on or after January 1, 2007."